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The European rush to privatise
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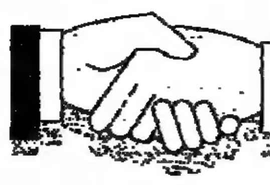

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FINANCIAL TIMES

Europe's Business Newspaper — MONDAY JANUARY 24 1994

Bosnians renew air strikes plea as children die

Bosnian Moslems again appealed for Nato air strikes against Serb gunners besieging Sarajevo, the capital, and requested the west to lift its arms embargo. The call came as three children, aged between 10 and 13, were killed in an artillery barrage which hit a playground in the Croat-held part of Mostar, southwest Bosnia. Six other children died in a mortar attack on Saturday. Page 2

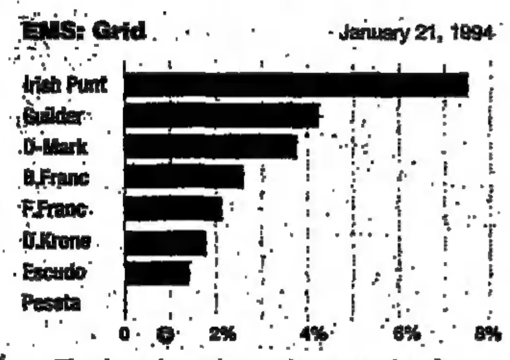
Japanese reform bid: Members of Japan's ruling coalition today meet the opposition Liberal Democratic party in an attempt to revive political reform plans, crippled by a revolt in the alliance's own camp. Page 12

China leaps forward: China and Russia have emerged as centres of international takeover activity with overseas companies investing more than $22bn there in the past 12 months, according to accountants KPMG Peat Marwick. Page 13

Party fights for D-Mark: A new German party, the Free Citizens' Alliance, plans to campaign for freedom, the market economy and the preservation of the Deutsche Mark. Page 12

European Monetary System: The currencies of the ERM grid converged slightly last week with attention focused elsewhere on the dollar, sterling and the yen. The D-Mark held its position as the third strongest currency after the Bundesbank decided against a cut in interest rates, while the Belgian franc showed little reaction to the resignation of three socialist politicians from the ruling coalition. Currencies, Section II

EMS: Grid — January 21, 1994



The chart shows the member currencies of the exchange rate mechanism measured against the weakest currency in the system. Most of the currencies are permitted to fluctuate within 15 per cent of agreed central rates against the other members of the mechanism. The exceptions are the D-Mark and the guilder which move in a 2.25 per cent band.

GM 'hid truth on losses': General Motors' top executives hid the truth about "scary" losses which ran into billions of dollars two years ago, executive vice-president Bill Hogland said on BBC television's *The Money Programme*. In 1992, the world's biggest industrial company suffered the heaviest annual loss in corporate history, a huge $10bn. *Boost for US cars*, Page 3

Kellogg advances: Kellogg, the US maker of ready-to-eat cereals, overcame the competitive threat from unbranded rivals and increased net profits by 17 per cent to $149.9m in its fourth quarter. Earnings per share rose by 22 per cent to 66 cents. Page 15

Quake homeless suffer: Los Angeles hospitals reported a growing number of exposure-related illnesses among people made homeless by last week's earthquake. Government officials mobilised "the biggest urban aid programme in US history" to help victims. Page 3

Chemicals blow: West German chemicals manufacturers' profits fell sharply for the fourth successive year in 1993, and there is no sign of a lasting recovery. Page 2

Swiss bank doubles profit: Bank J. Vontobel, the Zurich private bank, reported a net profit of SFr33.1m ($22.8m), double the SFr15.9m earned in 1992, thanks to booming profits from securities and higher commission income. Page 15

Australian minister quits: Australian prime minister Paul Keating lost his second senior minister in as many months. Alan Griffiths, minister for industry, technology and regional development, resigned amid allegations that party funds and electoral office facilities were misused. Page 4

Banca in control: Banca Commerciale Italiana is to take nearly full control of its 48 per cent unit Banque Sudameris as a result of Dresdner Bank, Banque Indosuez, Paribas and Union Bank of Switzerland pulling out. Page 15

Trainee firefighters killed: Twenty-one teenagers training to be firefighters died after they were trapped in a brush fire in southern Argentina. They were caught in high grass by rapidly shifting winds.

Bank turnround: Banco Central Hispano, Spain's largest bank in terms of assets, saw net group profits after minorities drop by 8 per cent last year to Pta48.4bn ($338m). The bank claimed it had turned round the balance sheet after a 22 per cent fall in income in 1992. Page 15

Gunmen kill 32: Gunmen believed to be leftwing guerrillas fired automatic weapons at a gathering of political rivals in the town of Apartado, 300 miles north-west of Bogotá, Colombia, killing at least 32 people. Eight others were wounded.

Actors die: Jean-Louis Barrault, one of France's greatest 20th century actor-directors, died in Paris, aged 83. Telly Savalas, the actor best known as the wise-cracking, lollipop-sucking detective in the 1970s television series *Kojak*, died of prostate cancer in Los Angeles. He was 70.

Fyodorov to ask Yeltsin not to drop reform plan

By Leyla Boulton in Moscow

Mr Boris Fyodorov, the outgoing Russian finance minister, is expected today to make a last-ditch plea to President Boris Yeltsin not to abandon the course of reform he launched two years ago.

The meeting between Mr Fyodorov and the president was suggested by Mr Victor Chernomyrdin, prime minister, after he unexpectedly rejected the finance minister's resignation. Ahead of the talks Mr Fyodorov had not, however, changed his intention to quit unless at least some of his conditions for staying were met.

International alarm over the government's intention to use "non-monetary methods" to fight inflation was confirmed at the weekend by the new government's first spending decisions.

Mr Alexander Zaveriukha, deputy prime minister for agriculture who is close to the pro-Communist Agrarian party, announced that the new cabinet planned to spend up to Rbs14 trillion on agricultural subsidies in 1994. "This is fully within the scope of our state budget," said Mr Zaveriukha, omitting to mention that Russia as yet does not have a budget for 1994.

Fyodorov adrift in a sea of promises ....Page 2

Mr Sergei Alexashenko, deputy finance minister, said the Rbs14 trillion, which compares with a Rbs15 trillion budget deficit for the whole of 1993, represented an increase from 7 per cent to 10 per cent in spending on agricultural subsidies. They have proved ineffective so far.

Mr Alexashenko also disclosed in an interview that the government had decided on Saturday to double the amount of money it would ask the central bank to print in the first quarter of 1994. The government had initially arranged to ask for Rbs7 trillion, but on Saturday settled for Rbs15 trillion. Mr Alexashenko said increased reliance on such inflationary forms of financing would push inflation up to between 35 per cent and 37 per cent a month in June-July from a present monthly level of about 20 per cent.

A US Treasury official accompanying Mr Lloyd Bentsen, treasury secretary, on a visit to Japan, was quoted as saying in Tokyo last night that the International Monetary Fund seemed unlikely to release a $1.5bn loan to Russia because the reforms "have gone off track."

Mr Fyodorov announced he was quitting after Mr Chernomyrdin rejected his demands for the removal of both Mr Zaveriukha and of Mr Victor Gerashchenko, the central bank chairman, who believes that tough monetary and fiscal policy are not what Russia needs.

Mr Chernomyrdin, angered by Mr Fyodorov's announcement of conditions under which he would stay in government, said only on Friday that his departure was "not a tragedy".

But on Saturday, possibly surprised by the international outcry over Mr Fyodorov's departure, Mr Chernomyrdin told the finance minister he would not accept the resignation and could not understand why he wanted to leave. Mr Fyodorov is said to have replied he could not understand why Mr Zaveriukha had been appointed deputy prime minister and not he. In a government where rank plays an important role in spending decisions, the complaint is less petty than it would seem.

In another sign that he underestimated Mr Fyodorov's importance to international confidence, Mr Chernomyrdin is said to have complained to Russia's representative at the IMF about the postponement of its mission to Moscow this week, which he had counted on to unblock the loan.

Pitching in: California National Guardsmen set up tents to shelter some of the 14,000 people left homeless by the Los Angeles earthquake or fearful of returning to their houses. Report, Page 3 — Reuter

Bentsen warns of review of US-Japan trade agreements

By Paul Abrahams in Tokyo

Mr Lloyd Bentsen, US treasury secretary, warned yesterday that his country would have to re-examine the basis of its bilateral trade agreements with Japan if negotiations failed to make substantial progress by next month.

Mr Morihiro Hosokawa, Japan's prime minister, is to meet President Bill Clinton in Washington on February 11.

Mr Bentsen refused to spell out what the re-examination might entail. But his statement shows that the US has no intention of letting up pressure on the embattled Japanese government, which has had to defer other business while it attempts to reach a compromise with the opposition on political reform.

"I do not mean [the re-examination] to be a threat. But we are just facing the realities of the situation," Mr Bentsen said yesterday after meeting Mr Hosokawa and Mr Hirohisa Fujii, finance minister. He said the discussion had been "very candid". The US wants Japan to open its market to greater imports and to take measures to reduce the country's record $120bn-a-year trade surplus.

Mr Bentsen said: "Japan is out of step. It has the lowest penetration of manufactured imports, and it has the lowest foreign investment levels among the major nations."

The negotiations' sticking point appears to be the creation of indicators to ensure that any agreements are properly implemented. The Japanese fear that any objective criteria would form a commitment to set aside certain market shares to overseas companies.

LDP in reform talks ...Page 12

Mr Bentsen said: "From our perspective, we would far prefer no agreements to weak agreements. They would have to include indicators to show we are making progress." He also called for a sustained and strong fiscal stimulus by the government. He said Japan had promised in the past to do what was necessary to achieve strong domestic demand-led growth and a highly significant reduction in its current account imbalance. In theory a domestic recovery would draw in imports.

"If you look at the figures, that hasn't happened yet. In addition, the forecasts are not very encouraging," he said.

Mr Fujii had agreed it was not in the interests of Japan or the rest of the world for Japan to have such a large trading surplus, Mr Bentsen said. The finance minister yesterday promised serious and vigorous efforts to launch a new stimulus package, including tax cuts to spur domestic demand.

The US wants liberalisation of the Japanese insurance market and increased imports of US vehicles and automotive components.

Piëch may sue former managers of Seat over losses

By Peter Bruce in Madrid and Christopher Parkes in Frankfurt

Mr Ferdinand Piëch, Volkswagen chairman, has threatened possible legal action against former managers of Seat, VW's Spanish subsidiary, for allegedly concealing immense losses that drove the whole group into a DM2.3bn ($1.33bn) deficit last year.

A meeting on June 23 last year of Seat's supervisory board, which includes VW executives, was told the subsidiary would make a DM150m loss, Mr Piëch said in an interview with El País, published yesterday.

Since then, group auditors had discovered that Seat's management had been presented one day earlier with a report from Mr Eberhardt Muller, then finance director, warning that the company was technically bankrupt because its 1993 losses would exceed its capital of Pta80bn, about DM1bn.

Mr Piëch indirectly accused Mr Juan Antonio Díaz Alvarez, former Seat chairman, of concealing the truth. He said: "Personally, and this has to be proven, I believe at least three people on the management board of Seat must have known about the report."

Mr Díaz was dismissed last September. Since then, VW has confirmed that Seat lost DM1.4bn in 1993. Restructuring costs, including closure of a Barcelona factory, are estimated at a further DM800m.

From a German point of view, the DM150m loss estimate issued on June 23 was deliberate misinformation. For Mr Piëch that was "an action that could have penal consequences".

VW said at the weekend that independent auditors had been appointed to investigate, and that decisions on possible consequences, including legal action, would have to wait until they had reported.

Mr Piëch, whose career so far as VW chairman has been blighted by the criminal investigation of his new production director, Mr José Ignacio López de Arriortúa, and the Seat crisis, also forecast further losses in the

Continued on Page 12

Israel and PLO see signs of progress

By Julian Ozanne in Jerusalem

Intensive diplomatic activity yesterday injected fresh momentum into the Middle East peace process as Israel and the PLO expressed cautious optimism about progress in stalled peace negotiations and Jerusalem renewed an offer for unconditional talks with President Hafez al-Assad of Syria.

The signs of progress came on the eve of the resumption of peace talks between Israel and its Arab neighbours, due to begin in Washington today.

Mr Shimon Peres, Israeli foreign minister, said Israel was "pretty close" to reaching agreement with the PLO after he met Mr Yassir Arafat, PLO Chairman, in Oslo on Saturday. Mr Peres said Mr Ahmed Qurie (Abu Ala'a) of the PLO and Mr Yoel Singer, an Israeli legal adviser, would meet in Paris during the week to summarise points of agreement and exchange documents. Mr Peres said there was a more than 50 per cent chance a final agreement could be reached when he meets Mr Arafat again at the Davos Economic Forum in Swit-

Continued on Page 12

OECD employment study recommends higher capital tax

By David Goodhart and Edward Balls

Higher taxes on capital to offset reductions in non-wage labour costs is one of several radical proposals for reducing unemployment suggested in a study by the Organisation for Economic Co-operation and Development.

The draft policy conclusion of the long-awaited report, which is likely to shape debate at President Bill Clinton's Group of Seven jobs summit in March, emphasises the need for greater flexibility in labour markets to increase employment but falls short of advocating wide US-style wage differentials and labour market deregulation.

The report, a copy of which has been obtained by the Financial Times, has just been sent to the 24 member governments. It is not due to be published until June. It finds little evidence that trade with low-wage countries is a big cause of unemployment in the developed world. It does, however, explicitly link long-term unemployment to rising levels of crime and drug abuse and an "unravelling of the social fabric".

Mr Jean-Claude Paye, the OECD secretary-general who was commissioned to produce the report by member states in June 1992, rejected the accusation that he was being alarmist about the effects of unemployment.

"There is a link between unemployment and crime and drugs, and I would be happy to see a mandate from member countries to study that link," he said in an interview.

He said the US had much more employment flexibility than Europe but at the expense of social solidarity, and he warned that a policy emphasis on flexibility and deregulation alone could lead to social dislocation.

The OECD's policy proposals have eight points at their core: nurture an entrepreneurial climate; improve labour force skills and competences; enhance the diffusion of technological know-how; increase wage and labour cost flexibility; reform job security provisions; increase working-time flexibility; encourage a switch from passive to active labour market measures; and reform benefit systems to increase work incentives.

On cutting non-wage labour costs, the report says: "A significant revenue-neutral cut in payroll taxes could yield important increases in employment over the medium term."

Economics Notebook, Page 17

Austria	Sch32	Greece	Dr350	Lux	LFr65	Qatar	QR13.00
Bahrain	Din1.250	Hong Kong	HK$18	Malta	Lm0.60	S.Arabia	SR11
Belgium	BFr65	Hungary	Ft185	Morocco	MDh15	Singapore	S$4.30
Bulgaria	Lv25.00	Iceland	IKr215	Neth	Fl 4.00	Slovak Rp	KS150
Cyprus	C£1.10	India	Rs60	Nigeria	Naira50	South Africa	R12.00
Czech Rp	CZK50	Israel	Shk8.90	Norway	NKr17.00	Spain	Pta225
Denmark	DKr16	Italy	L3000	Oman	OR1.50	Sweden	SKr16
Egypt	E£5.00	Japan	Y500	Pakistan	Rs40	Switz	SFr3.30
Finland	FM14	Jordan	JD1.50	Philippines	Pso50	Syria	S£50.00
France	FFr9.00	Kuwait	Fils.625	Poland	Zl 32,000	Tunisia	Din1.500
Germany	DM3.50	Lebanon	US$1.50	Portugal	Esc225	Turkey	L10000
						UAE	Dh12.00

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Fyodorov adrift in sea of promises

The leading reformer fears the worst for Russia's economy, writes Leyla Boulton

Mr Boris Fyodorov's decision to resign as Russian finance minister underlines what is widely seen as the chief obstacle to successful *market reform:* rulers who cannot resist making promises they cannot keep.

"I can control the spending but not the promises," Mr Fyodorov told the Financial Times. "Other people in the government think that just because they are sitting in the White House [government headquarters], they have the god-given right to spend money... They don't understand you cannot do it."

Mr Fyodorov, a leading reformer, fears that spending in Russia is about to run out of control, fuelling inflation and undermining any hope of stabilising the Russian economy.

The first sign, since his announced departure, that the new cabinet is ready to loosen the government purse strings came at the weekend: the first spending decisions included a big increase in subsidies to the farm sector announced by Mr Alexander Zaveriukha, deputy prime minister for agriculture, and a doubling in the amount *of money the central bank will* be asked to print to support expenditure which cannot be covered by budget revenues.

Stung by the international outcry over Mr Fyodorov's resignation, a spokesman for Prime Minister Victor Chernomyrdin said his new course "contains elements of western market economics but takes into account the special characteristics of our state, people and Russian traditions".

It is possible Mr Chernomyrdin wants to restrict spending. But his recent endorsement of a plan to spend up to \$500m (£338m) on a new parliament building provides a telling example of how Russia's rulers, in Mr Fyodorov's words, look "at a problem and decide to throw money at it regardless *of whether this money exists*".

For all his tough words, Mr Chernomyrdin has appeared unable to resist the pressure to make promises he cannot keep. The state owes about Rbs1,000bn to the defence industry for weapons it ordered under pressure from the military in the past year. Under pressure from agricultural lobbyists, it set procurement prices for grain twice as high as those on an emerging free market, but then failed to pay the money. It liberalised coal prices but promised to continue paying subsidies to coal miners, without putting any pressure on the industry to restructure or consider closing unprofitable mines.

Such promises have left Mr Fyodorov in the uncomfortable role of having to break them by telling people there are no funds – save by printing money and fuelling inflation.

And he adds that Russia's main problem is not so much a lack of money but a waste of it.

"You find that in 90 per cent of cases, money is misspent or people did not need it," he said. Corruption and inefficient institutions meant that subsidies rarely reached their targets, while those most in need of support felt abandoned by the government. "If you stand in front of the British Treasury for an hour and shout, nobody will give you any money," Mr Fyodorov said. "But here it works, so why should people stop doing it?"

Supporters of Russian reforms believe the west must and can help Moscow cover budget expenditure which cannot be cut overnight. But they also argue that this can happen *only if spending is not in* the hands of people like Mr Zaveriukha.

If Mr Fyodorov leaves the government, he plans to focus on his role as a deputy in parliament, to take his fight to voters ahead of new elections scheduled for 1996.

"We have to talk to people more and conduct more propaganda to tell them how things work. Then we will have a second chance in the elections."

But pessimists believe a second chance may not materialise if, by that time, Mr Chernomyrdin's muddling through goes so badly wrong that the people will be ready for medicine more drastic than even Mr Fyodorov proposes.

Ankara warned on trade taxes

By Frances Williams in Geneva

Turkey has made big strides in liberalising its trade regime over the past decade, but the economic benefits have been marred by rapid inflation, swollen budget deficits and insufficient competition in the domestic market, according to the General Agreement on Tariffs and Trade.

In a report on the country's trade policies and practices, the Gatt secretariat says rampant inflation – currently exceeding 70 per cent a year – has been hard to restrain because the authorities have printed money to finance large public deficits.

The government is also over-reliant on trade taxes, Gatt says, noting that their share in the total tax revenue has risen from 12 per cent in 1980 to 18 per cent in 1990. As trade taxes become a diminishing source of revenue, Ankara will have to find other ways to reduce the budget deficit and service its foreign debt.

Turkey hopes to reach customs union with the European Union in 1995, which will mean duty-free entry for EU goods and adoption of the EU's common external tariff.

Gatt also notes that real wage increases, unmatched by productivity gains, have eroded Turkey's competitiveness, leading to big trade deficits.

The report, the latest in a series on Gatt members' trade regimes, came at the end of a week which saw a plunge in the value of the Turkish lira following a downgrading of the country's credit rating by two US ratings companies.

Czechs opt for early payout on state shares

Patrick Blum on the rush to sell privatisation vouchers

An offer of immediate cash is enticing thousands of Czechs to part with their privatisation voucher books now rather than wait for shares later in the Czech Republic's second wave of mass privatisation.

The offer made by Epic, a Vienna-based consultancy and fund management company, has attracted great interest and publicity, with hundreds of people lining up outside offices in Prague and other Czech cities to sell their voucher books.

"We've had people queuing overnight. It's been a tremendous success," says Mr Peter Goldscheider, Epic managing director.

Competition for subscribers between investment funds has been particularly fierce with an estimated Kcs1bn (\$35m) spent on advertising – roughly five times the amount spent by funds in the first wave of privatisation two years ago. In 1992 many funds tried to outbid one another with promises to buy portfolios from investors at some future date for several times the Kcs1,000 cost of their original voucher book. This assured investors a risk-free profit on a relatively modest outlay, and encouraged massive participation in the scheme.

About 6m Czechs bought voucher books, and the funds gained control of more than 70 per cent of privatised companies' shares.

Epic has gone one step further by simply offering an immediate Kcs7,000 to buy an investor's voucher book, with another Kcs1,000 paid later when the shares are issued. "We're not making any promises or offering people loans as an incentive.

"*We just cash out*," says Mr Goldscheider.

Analysts say Epic's offer is likely to be well below the *future market value of the privatised shares*, but for many people it has the merit of simplicity as well as providing immediate cash.

Mr Goldscheider will not say how many voucher books the company has bought so far, or how long the offer will remain in force. "We have a target, and we'll stop when we reach it. We don't want to be too small or too big as this reduces flexibility," he says.

In the first wave, Epic attracted 110,000 investors with shares in about 60 companies to its Czech Coupon Invest fund, but it did not buy the shares outright.

Interest in Epic's scheme has been *especially strong among* the elderly and the less well-off – those who have benefited least from the past four years' rapid transition *to capitalism*.

"Old people and people from the poorer regions tend to want to sell," he says. But they are not the *only ones*.

Epic's payment represents more than one month's average salary, and many voucher book *holders* prefer to have the extra cash now rather than wait until the shares are distributed. Others with shares from the first privatisations have found it difficult to sell them, or they are still waiting to receive money promised by funds almost two years ago. Many investors complain they have not received any dividends on their shares.

> 'We have a target, and we'll stop when we reach it. We don't want to be too small or too big as this reduces flexibility'

Epic has taken on extra staff to answer phone calls and handle transactions across the country at offices temporarily rented from Cedok, the Czech travel agency. "We have to *move solicitors around* the country to witness and register every contract. Our people are working day and night in three *shifts just to process all this*," Mr Goldscheider says.

Unlike individual investors, investment funds can afford to wait *in the knowledge* that they should easily recoup the costs of their investment. The average value of shares secured *with a Kcs1,000* voucher book in the first privatisation wave is now Kcs20,000-Kcs30,000.

Even after deducting Kcs8,000 for each voucher book, plus the costs of advertising and processing the transactions, Epic should not lose money.

Recovery eludes German chemicals

By Christopher Parkes in Frankfurt

West German chemicals manufacturers' profits fell sharply for the fourth successive year in 1993, and there is no sign of a lasting recovery, according to Mr Gert Becker, president of the VCI industry association.

The world marketplace had undergone a fundamental change, and it was no longer possible to make certain products competitively in Germany, he said in a new year review.

Aggregate earnings tumbled *30 per cent in 1993, following* a similar slump the previous year and falls of 20 and 25 per cent in 1991 and 1990 respectively.

Prices in Germany for raw materials, labour, energy, environmental protection, *taxes and social welfare* were far higher than in many other countries. But industry's influence over these cost factors *was severely limited, said* Mr Becker, who is also chairman of Degussa.

The indigenous industry could *succeed only if it* was able to bring innovations to market. That depended on government willingness to reduce bureaucracy and legal hindrances to investment, and popular acceptance of the need for scientific and technical progress.

Government health reforms led to a 4 per cent drop in drugs production last year, Mr Becker claimed, compared with an overall 3 per cent decline in the industry's volume output.

Deliveries of chemical fibres fell 12 per cent; producer prices were down 2.6 per cent; and industry-wide turnover from these products slipped 5.5 per cent to DM155bn (£60.5bn).

Production of basic inorganic chemicals fell 5 per cent while organic chemicals prices were 6 per cent lower than the previous year.

The industry shed almost 5 per cent of its workforce, cutting 29,000 jobs, said Mr *Becker, adding that* labour cuts would continue this year. Investment dropped to DM9.5bn from DM11.3bn in *1992, while spending on* research and development was maintained at DM10.6bn.

Bosnians renew air-strike plea

By Laura Silber in Belgrade and agencies

Fighting increased throughout Bosnia at the weekend following the failure of talks last week on the former Yugoslav republic's partition.

Bosnian Moslems appealed for Nato air strikes against Serb gunners besieging Sarajevo, the capital.

Mr Haris Silajdzic, the Bosnian prime minister, said a mortar attack on Saturday, in which six children died, was another Serb snub to a passive world. In a letter to Mr Boutros Boutros Ghali, UN secretary-general, Mr Silajdzic said: "This act humiliates the international community, mocks the dignity of the United Nations and renders senseless all of our efforts to reach peace through negotiations."

Mr Warren Christopher, US secretary of state, indicated yesterday during a visit to Paris that there was uncertainty about the Nato strategy, despite the alliance renewing its pledge at a summit two weeks ago to use air strikes to prevent strangulation of Sarajevo and UN "safe areas".

Mr Christopher said he was confused about the French position towards Bosnia and had to confer anew with Britain and Germany. But he reaffirmed that the US remained committed to the Nato position.

Lieutenant-General Francis Briquemont, the outgoing commander of the UN Protection Force in Bosnia, said yesterday UN forces were suffering a crisis of confidence as politicians were denying them the means to do their job.

In Bosnia, three children were reported killed yesterday in a Moslem attack on the Croat-held part of Mostar.

Kieran Cooke adds from Kuala Lumpur: Dr Mahathir Mohamad, the Malaysian prime minister, has launched a stinging attack on western countries for their failure to act decisively in Bosnia.

During a visit to Malaysia by Bosnian President Alija Izetbegovic, Dr Mahathir said the west's policies amounted to hypocrisy at its worst.

West's resolve dissolves into uncertainty

By Robert Mauthner, Diplomatic Editor

President Bill Clinton of the US was right to warn his Nato partners at their recent sum*mit in Brussels not to make* threats about military action in Bosnia which were never likely to be carried out. The *events of the last few days* have underlined precisely what he was talking about.

In spite of UN Security Council and Nato resolutions on the use of air strikes – Nato leaders made a solemn declaration on the subject less than two weeks ago – there are no indications that these are imminent. Indeed, at least one of the countries with peacekeeping troops on the ground in Bosnia – Canada – has already made clear its opposition to such strikes. The determination of others is also in doubt.

Yet the Nato declaration on the subject was couched in the clearest possible terms. "We reaffirm our readiness, under the authority of the United Nations Security Council and in accordance with the alliance decisions on August 2 and 9 1993, to carry out air strikes in order to prevent the strangulation of Sarajevo, the safe areas and other threatened areas in Bosnia-Hercegovina," it said.

After last Saturday's attack *by Bosnian Serb gunners on* a district of Sarajevo only a few hundred metres from UN peacekeeping force headquarters, *in which six children* were killed, Mr Haris Silajdzic, the Bosnian government's Moslem prime minister, appears fully justified in making his *latest appeal for Nato air* strikes on Bosnian Serb positions. Sarajevo, after all, has been designated by the UN as a *"safe area," a status which has* never been respected by the Bosnian Serbs.

After his unseemly squab*bles with General Jean Cot*, whom he obliged to retire as French commander of UN forces in Bosnia, Mr Boutros Boutros Ghali, UN secretary-general, has at last confirmed he is ready to order air strikes in Bosnia if asked to do so by his special envoy in Yugoslavia, Mr Yasushi Akashi. But it seems doubtful, to say the least, whether he is prepared to authorise such bombardments other than to allow Canadian peacekeeping troops in the eastern Moslem enclave of Srebrenica to be relieved.

To confuse the situation even further, the main countries with peacekeeping troops on the ground in Bosnia – France, Britain, Spain and Canada – have adopted self-contradictory positions on the subject. On the one hand they have put their names to the Nato declaration; on the other they have always opposed military action which could put the lives of their own troops in danger.

*That situation would be clar*ified if, as Britain and France have intimated, they withdraw their troops at the end of *spring. But what, only a few* days ago, appeared to be almost a foregone conclusion, has once again become questionable.

Both countries have made it clear that the decision to go or stay would not be taken unilaterally but was one for all the nations participating in the UN Protection Force (Unprofor) to take.

Furthermore, Mr Douglas Hurd, the British foreign secretary, seems to be in greater doubt about the wisdom of withdrawal after his visit to British troops in central Bosnia at the end of last week *than he was before*.

The foreign secretary said that the UN aid effort in a region contested by Bosnian *Moslems and Croats* was working better than was generally realised. A record six aid convoys had got through two days earlier.

He added that British troops believed they should stay, not only because aid convoys were getting through, but because there was a strong feeling in the region that if Unprofor troops were to leave "the savagery of the war would be substantially worse".

Hardly surprising, therefore, that a decision on whether to withdraw British troops is not imminent.

With the UN, Nato and their *main member nations in a* state of suspended animation, and the Geneva peace talks as deadlocked as they ever were, *the prospects for any further* international action in Bosnia remain decidedly dim.

A young Sarajevo boy injured in Saturday's mortar attack AP

German jobs gain 'in 1995'

German unemployment will *increase this year but the* trend will reverse in 1995, Mr Günter Rexrodt, economics minister, was quoted as saying yesterday, *Reuter reports from* Frankfurt.

According to the text of an interview to be broadcast on *German television*, Mr Rexrodt said: "The year 1994 will be a hard year with higher unemployment... I assume this trend can be expected to change in 1995."

The east German job market, which had already stabilised, would see more of an upturn, Mr Rexrodt said.

West German unemployment rose to 2.49m in December, or 8.1 per cent. In east Germany, the jobless total rose to 1.18m (15.4 per cent).

Belgium acts on resignation

The Belgian government yesterday replaced Mr Guy Coëme as deputy prime minister, after his resignation last week in the wake of a corruption scandal over a deal to buy army helicopters.

The *francophone Socialist* party (PS) picked Mr Elio di Rupo, 43, formerly a regional minister, to succeed Mr *Coëme*.

Mr Coëme and two regional PS politicians resigned on Friday over allegations that the *Italian company Agusta paid* bribes to secure a contract. All three have denied wrongdoing.

Deadline set for aluminium accord

The European Union has set a January 28 deadline for the world's leading aluminium producing nations to reach agreement on a memorandum to reduce oversupply, a spokesman said yesterday, Reuter reports from Brussels.

The *decision follows four* days of talks among trade representatives from Russia, Australia, Canada, the 12-nation *EU as one body, Norway and* the US.

The industry had noted at a conference last December over*supply of 1.5m-2m tonnes*, an EU statement said. The memorandum would put in place "an adjustment process by way of market forces that would reduce the imbalance".

A sharp increase in exports to the west by Russia following a collapse in its domestic demand is widely blamed for the current surplus, pushing *prices to record lows.*

The talks in Brussels have focused on how cuts of up to 2m tonnes a year of annual *output could be shared among* Russia and the world's other key producers. The US is expected to make anti-dumping *charges against the Russian* industry if no agreement is reached.

Léotard: military/cultural heritage

France goes on the defence offensive

David Buchan on the quiet revolution which sees Paris breaking away from its go-it-alone tradition

France is rapidly adopting a more international approach to defence, in a revolution quieter in tone than the changes wrought to its commercial policy by the Gatt world trade negotiations but more far-reaching in substance.

Indeed, French officials now fear that their European allies are taking too parochial a view of the continent's security needs, in Bosnia and elsewhere. This is a far cry from the go-it-alone tendency that has characterised French defence policy for a generation since *President de Gaulle* pulled France out of Nato's integrated military command in 1966.

The catalyst for the new policy was *this month's Nato summit*, which crystallised the post-cold war shift of responsibility for European defence from the US towards Europe. The new policy will be enshrined in a French defence white paper due to be published next month, as the doctrinal basis for the country's 1995-2000 defence programme to be presented to parliament later this year.

"*The best Nato summit ever*, from France's viewpoint," was how a senior Elysée official summed up the Brussels meeting.

The summit endorsed the *Maastricht treaty's concept of a European defence identity. It agreed that Nato* assets could be used by the Western European Union defence organisation in purely European operations and proposed *the setting up of* "combined joint task forces". This piece of military gobbledygook is designed as political cover for bringing into *Nato planning* a France that refuses formally to re-enter the alliance's regular integrated command.

"We cannot put the 1966 decision in question," Mr François Léotard, France's defence minister, said wryly.

"It is now part of our military/cultural heritage."

But France's satisfaction at Nato's green light for European defence is tempered by its gnawing worry at the sharp decline of interest among many European countries on matters military. Mr Léotard asked recently whether "the concept of defence which is taking root in northern Europe" – neutrality in Scandinavia, and lack of interest in countries like *Germany* and the Netherlands – "does not threaten to *lead the whole of Europe* into inaction, then to disappearance".

The decline can be measured in defence budgets. A senior French official notes, with as much anxiety about German and British defence cuts as pride in France's sustained spending, that "of the 1994 military equipment *budgets* of the nine WEU countries, France accounts for 42 per cent of the total."

Despite all their past investment on defence, a majority of the French people still do not seem anxious to cash in their peace dividend on the ending of the cold war. Indeed, the forthcoming white paper will tell them that their security is still at risk – though from different dangers which require closer co-operation with fellow Europeans.

A current draft of the white paper, the first for 20 years, argues that "defence of France's vital interests can be envisaged with Britain and Germany", that this co-operation can include discussions on nuclear weapons, and that France's military action will be increasingly directed *at prevention of direct/indirect* threats to its wider strategic interests, short of full-scale war.

As a result, Mr Léotard argues that the French themselves must learn to think "geo-strategically", as Americans have long done, and that "having been a net importer [from the US] of security during the cold war, Europe must now have the capacity to export security."

This, says the white paper draft, involves remedying France's weaknesses in intelligence gathering, force projection and logistic back-up. "These weaknesses were acceptable, even deliberate in an earlier period... but they are glaring and hardly tolerable *when* the international situation and our political commitments require long-range intervention by our *forces." In all arms programmes*, as well as force deployments, France must co-operate more with its European partners, the paper says, while not letting its overall military spending fall below 3.1 per cent of national output.

Much of the white paper just elevates to the level of principle what France has recently been doing in practice – setting up the Eurocorps and moving towards Nato inside Europe, and contributing in Bosnia, Somalia and Cambodia more troops to UN peacekeeping than any other country.

But will France's famous national consensus on defence hold if this defence is defined in more international terms?

Defence policy has been popular in France precisely because it has been relatively self-centred and because allies have been regarded in the last (nuclear) resort as unreliable. Will French soldiers really be any readier than others to fight for ill-defined causes in Europe's name?

Similarly, high French budgets have been accepted precisely because, in the words of a top French officer, "more than 90 per cent is spent at home – a form of industrial policy". Are French taxpayers *ready to see more of their* money spent on German or British weapons? These are the contradictions that France's new co-operative stance on defence will bring.

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National Guard puts up tents and kitchens for 14,000 as concerns over health care grow

Record aid programme pledged for LA

By Louise Kehoe in San Francisco

US government officials mobilised "the biggest urban aid programme in US history" over the weekend to help victims of the Los Angeles earthquake.

The National Guard erected tents and kitchens in parks and playing fields to shelter up to 14,000 homeless people and those afraid to return to their damaged dwellings. Red Cross shelters are housing a further 6,000 people and feeding another 3,000.

Health authorities sent teams of doctors and nurses to makeshift camps over the weekend as hospitals reported a growing number of exposure-related illnesses.

With many doctors' offices and chemists closed, there is growing concern about health care. Eighteen hospitals in the region have closed all or part of their facilities because of damage and staff shortages.

President Bill Clinton announced the release of $283m to help disaster relief efforts, bringing the total amount of federal aid to $639m in funds for low-interest loans, $41m for emergency highway repairs and $143m in emergency grant funds. This week, an emergency appropriations bill is expected to be presented to Congress seeking additional spending for earthquake repairs.

"Los Angeles will come back. Together with the people of Los Angeles, we'll help to make that happen," the president said in his weekly radio address on Saturday.

By early Saturday over 13,000 people had applied for financial assistance at government emergency aid centres or by telephone. The Federal Emergency Management Agency, which last week came under sharp criticism for its inadequate response, said that it would open six additional centres where earthquake victims can apply for housing grants and low-interest loans.

Mr Richard Riley, education secretary, said his department "is fully committed to making sure that we do everything necessary to help restore the Los Angeles schools".

Damage from the earthquake is more widespread than initially thought, officials said. South Central Los Angeles, the site of riots in 1992, has sustained substantial damage. The worst hit areas are to the north, in the San Fernando Valley, and to the west, in Santa Monica. The central business district of Los Angeles emerged largely unscathed.

Seismic experts studying the uneven pattern of damage from last Monday's earthquake, which measured 6.6 on the Richter scale, now believe that shock waves bounced off the mountains surrounding the San Fernando Valley, exacerbating the impact on certain areas and reducing it in others.

Ground forces equal to the force of gravity, far higher than might be expected from an earthquake of this size, were recorded in some areas.

A one-year-old Los Angeles child looks out of her makeshift bedroom in the boot of a car over the weekend

US carmakers see off foreign competitors

By Kevin Done, Motor Industry Correspondent

General Motors, Ford and Chrysler, the big three US carmakers, increased their sales of cars and light trucks in the US by 10.5 per cent last year, gaining market share at the expense of both Japanese and European vehicle producers.

Helped by strong performances by Chrysler and Ford, the big three captured 73.9 per cent of the US light vehicle market, up from 72.2 per cent a year earlier.

The total light vehicle market rose 8 per cent to 13.92m from 12.89m a year earlier, the highest level since 1989. Sales of new cars rose 3.7 per cent to 8.52m, but the strongest growth came from the light truck sector – pick-ups, four-wheel drive sport/utility vehicles and multi-purpose vehicles – where sales climbed 15.5 per cent to 5.4m and accounted for 39 per cent of the total light vehicle market.

The share of imported cars and light trucks fell to 16 per cent from 18.6 per cent.

Japanese vehicle makers have lost market share for the last two years, falling to 23.1 per cent from 24.3 per cent in 1992 and 25.7 per cent in 1991.

Honda sales fell by 6.8 per cent but Nissan, the second largest Japanese carmaker, succeeded in reversing several years of US decline by lifting sales 17.2 per cent.

The fortunes of European carmakers in the US market have been in decline for several years and their light vehicle market share fell again to only 2.3 per cent.

Several European carmakers have abandoned the US market in recent years, most recently Peugeot and the Rover group's Sterling cars operation.

Of the survivors Alfa Romeo, part of the Fiat group of Italy, suffered a 53.1 per cent fall in sales to only 1,325.

The Volkswagen group, the only European volume carmaker remaining in the US market, has also suffered a drastic fall with total light vehicle sales dropping by 31.5 per cent to 62,064.

Sales by the VW brand fell 34.7 per cent to 49,536, while sales by its Audi executive car division dropped 15.1 per cent to 12,528.

BMW of Germany has gained ground, however, with an aggressive pricing policy and was the leading European importer in the US after boosting sales last year by 18.8 per cent to 78,010.

Jaguar, the UK luxury car subsidiary of Ford of the US, has also halted its decline, increasing US sales by 46.7 per cent to 12,734.

Forced by rising losses to abandon the US car market a couple of years ago, the Rover group has been enjoying increasing success with its Land Rover utility vehicles, which increased sales last year by 15.9 per cent to 4,907.

The company is aiming to quadruple US sales in the next couple of years with the launch later this year of the Discovery range.

Although Japanese vehicle makers lost market share last year, they continue to increase North American production.

The output of cars and light trucks in North America in Japanese plants and at Japanese/US joint ventures managed by Japanese producers rose last year by 6.6 per cent 2.15m.

US AUTO INDUSTRY
January-December 1993

	Volume (Units)	Volume Change(%)	Share (%) Jan-Dec 93	Share (%) Jan-Dec 92
US CAR SALES	8,518,000	+3.7	100.0	100.0
Imports	1,844,000	–7.5	21.7	24.3
Japanese makes	2,481,000	+0.4	29.1	30.1
-of which NthAm-built	1,265,000	+9.0	14.9	14.1
Japanese derived*	2,889,000	+0.2	34.0	35.2
European makes	308,000	–8.9	3.6	4.0
US CAR SALES BY MANUFACTURER:				
General Motors**	2,909,000	+2.3	34.2	34.6
Ford**	1,878,000	+5.7	22.1	21.6
Chrysler	834,000	+22.7	9.8	8.3
Toyota/Lexus	742,000	–2.4	8.7	9.3
Honda/Acura	716,000	–6.8	8.4	9.4
Nissan/Infiniti	482,000	+16.5	5.6	5.0
Mazda	260,000	+4.7	3.1	3.0
Mitsubishi	168,000	+7.8	2.0	1.9
Hyundai	109,000	+0.2	1.3	1.3
BMW	78,000	+18.8	0.9	0.8
Volvo	73,000	+7.4	0.9	0.8
Mercedes-Benz	62,000	–2.2	0.7	0.8
Volkswagen/Audi	56,000	–35.8	0.7	1.1
Saab (GM)	19,000	–29.0	0.2	0.3
Jaguar (Ford)	13,000	+46.7	0.1	0.1
Porsche	3,700	–9.4	0.0	0.0
Alfa Romeo (Fiat)	1,300	–53.1	0.0	0.0
US LIGHT TRUCK SALES	5,398,000	+15.5	100.0	100.0
Imports	389,000	–2.9	7.2	8.6
US CAR & LIGHT TRUCK SALES	13,917,000	+8.0	100.0	100.0
General Motors**	4,667,000	+6.1	33.5	34.1
Ford**	3,562,000	+11.6	25.6	24.8
Chrysler	2,048,000	+19.5	14.7	13.3
Japanese makes	3,212,000	+2.4	23.1	24.3
Toyota/Lexus	1,033,000	+0.9	7.4	7.9
Nissan/Infiniti	688,000	+17.2	4.9	4.5
CANADA CAR & LT TRUCK SALES	1,171,000	–3.3	100.0	100.0
NORTH AMERICAN CAR PRODUCTION	7,314,000	+9.3	100.0	100.0
-of which Japanese -built†	1,798,000	+6.7	24.6	25.2
NORTH AMERICAN CAR & TRUCK PRODUCTION††	13,095,000	+11.5	100.0	100.0
-of which US	10,854,000	+11.1	82.9	83.1
-of which Canada	2,241,000	+13.2	17.1	16.9
-of which Japanese NthAm.built†	2,150,000	+6.6	16.4	17.2

*Includes Japanese makes plus Japanese derived cars sold under GM, Ford & Chrysler badges, imports and US-built.
**GM excludes Saab. Ford excludes Jaguar.
†Includes US/Japanese joint ventures managed by Japanese producers.
††Includes medium and heavy trucks.
Source . Automotive News.

Clinton backs California over tax

By George Graham in Washington

The US Justice Department has kept President Bill Clinton's campaign promise to California by backing the state in its 16-year-old tax case against Barclays Bank of the UK.

In a brief filed last week with the Supreme Court, Mr Drew Days, the solicitor general, argues that even if the US federal government has since objected to California's unitary system of taxation, in 1977, when the Barclays dispute began, it had merely expressed a preference for the internationally recognised arm's-length tax method – not enough to throw out the unitary method on constitutional grounds.

If California were to lose the case, it would have to pay around $400m of refunds to Barclays and other foreign-owned companies which have disputed their unitary tax assessments. It could face another $1.3bn of refunds in a related case brought by Colgate-Palmolive, the household products group, involving US-based multinationals.

California would also lose another $2.4bn of taxes it has claimed but not yet collected under the unitary method, in which companies may be asked to pay taxes on a percentage of their parent group's worldwide income, rather than only on income they have earned in California.

The Justice Department opinion is particularly important because the case against the unitary method hinges on the constitutional argument that it interferes with the federal government's powers over foreign trade.

As a fallback position, Mr Days argues that even if the Supreme Court decided in favour of Barclays, it should dismiss Colgate's claim; and even if it ruled against California in both cases, it should not order refunds, as it has already changed its tax law in a way that meets the complaints made against the unitary method by foreign governments.

Previous administrations have argued strongly against California but Mr Clinton had promised to back the state if elected.

ANC looks at how to pay for its programmes

Patti Waldmeir reports on the ambitious economic goals of South Africa's probable new rulers

Now for the hard part. As the African National Congress stands on the threshold of the political kingdom in South Africa, ANC leaders at the weekend launched a new and more difficult battle: the struggle for economic power without which political rights are meaningless.

"No political democracy can survive and flourish if the mass of our people remain in poverty, without land, without tangible prospects for a better life," says the foreword to the ANC's draft Reconstruction and Development Programme (RDP), endorsed at a weekend conference of ANC allies. "We must not perpetuate the separation of our society into a 'first world' and a 'third world' – another disguised way of preserving apartheid."

The crux of the problem is how to raise the mass of South Africa's people out of third-world poverty. The draft programme dodges the hard choices, and is probably better understood as an election manifesto than an economic plan. It sets ambitious goals – over the next five years, 1m homes will be built, 2.5m houses electrified, clean water, sanitation and health care provided for all. But financing is at best vague, at worst unrealistic. Nothing is costed, no priorities are set; all options (including the perennial threat of nationalisation) are left open.

However, the programme provides the clearest indication yet of the policies of the new government, which is likely to be dominated by the ANC. The document conveys caution about the speed of implementation, as well as a commitment to fiscal discipline and the need to maintain macroeconomic balance, which white South Africans and foreign investors will find reassuring.

"We must finance the RDP in ways that do not cause undue inflation or balance of payments difficulties," it says, adding that "the vast bulk of the RDP will be financed by existing resources organised, rationalised and directed within RDP guidelines". The current budget deficit of 6 per cent of gross domestic product would not be exceeded and the overall tax burden, as a percentage of GDP, would remain the same "until strong growth is achieved". The commitment to a budget deficit not exceeding 6 per cent of GDP is further enshrined in a letter of intent sent last December to the International Monetary Fund and signed by the ANC.

Still, Mr Trevor Manuel, ANC economics head, makes clear the 6 per cent ceiling will not apply beyond the 1994-95 budget – he says it would be preposterous to assume RDP can be funded without borrowing more – and ANC plans for "increasing the efficiency of consumption expenditure and improving the revenue recovery capacities of government" display a touching faith in the powers of the new broom.

Mr Manuel points out that a budget of $40bn (£27m) for a nation of 40m people is already not small; and World Bank figures show South Africa already spends more than twice as much on education, as a percentage of GDP (7.3 per cent in 1993), as any other nation in its income bracket, and more even than high-income countries.

On health, only Hungary and the UK spent more proportionately than South Africa; Sweden spent only a tenth as much.

Most of this money goes to fund the bloated bureaucracy, which can only increase in the first years of an ANC government: nine new provincial administrations will be set up under the constitution; the RDP proposes creating a host of state or parastatal bodies – a national housing bank, an implementation commission, all the apparatus of the centrally planned state – and affirmative action will swell the civil service further. It is hard to accept the ANC's optimism about vanquishing corruption and inefficiency overnight.

A few months in power will probably reveal to the ANC all the contradictions inherent in its plan: it calls for "people's power" to be exercised at all levels, while simultaneously demanding a high degree of central planning; and it proposes huge spending increases without concomitant rises in revenue.

The document ponders a host of new taxes: "reconstruction levies" in the form of taxes on capital transfers, land and luxury goods; a new national insurance charge; and privately, ANC leaders are still debating a specific wealth tax as a levy on assets.

"When the crunch comes, which way will they jump? Will they slow implementation, or raise taxes?" asks one businessman, who notes that ANC leaders are at best reluctant converts to market economics. Most ANC leaders still pursue a moral approach to economic questions, arguing "it must be done, it should be done, therefore it will be done", says another businessman.

ECONOMICS CHIEF LEARNS NOT TO UPSET THE MARKETS

By Patti Waldmeir

"Every time he opens his mouth, he sounds more like [Finance Minister] Derek Keys". That is the South African business community's idea of a compliment, its way of saying that African National Congress economics chief Trevor Manuel increasingly tailors his economic rhetoric to the hard South African realities stressed by Mr Keys.

Mr Manuel is a politician, not a technocrat (Mr Keys pretends to be the opposite, though his political skills are not inconsiderable). But in the two years since he was brought in as political head of the ANC economics department, the 37-year-old Mr Manuel has rapidly scaled a steep learning curve in economic theory.

Bombarded by economic home truths from business and international financial institutions, Mr Manuel has avoided saying things which increase the blood pressure of businessmen and investors and sink prices on the Johannesburg Stock Exchange.

In a weekend interview, he opposed the imposition of a wealth tax – an idea which remains popular among many ANC leaders – preferring instead a "reconstruction bond" which would attract voluntary capital from domestic and overseas sources, as well as measures to compel life offices to commit a percentage of assets to "socially desirable investments"; he stressed the need to proceed carefully with any tax increases, noting "if every time you need money you raise taxes, you can't govern".

But the firmness of his commitment to maintaining fiscal discipline and macroeconomic balance remains to be tested. In the days before the burden of political office descends, Mr Manuel knows he can please the markets without disappointing the electorate. All the hardest choices can be avoided until forced on the ANC by the pressures of government.

Lesotho soldiers fight in capital

Heavily armed soldiers yesterday tried to storm a rival barracks in street fighting between army factions in the Lesotho capital, Reuter reports from Maseru.

"There have been several civilian casualties, the wounded have been taken to hospital," according to a western diplomat. He did not know if any civilians had been killed.

Diplomats said about 600 soldiers from Makonyane barracks on the outskirts of the city attacked rivals at a smaller barracks in Maseru. There were also reports of further action in the south near the airport.

State radio advised people to stay off the streets and not to attempt to drive from the city and the international airport south of the city.

Malaysia aims to cut liquidity

Bank Negara, Malaysia's central bank, has announced new measures designed to prevent a build-up of liquidity in the country's financial system and to combat further inflationary pressures, writes Kieran Cooke in Kuala Lumpur.

From today residents will no longer be able to sell short-term monetary instruments to non-residents, including treasury bills and government securities. From the beginning of next month commercial banks will also have to lodge with Bank Negara all funds in ringgit, the Malaysian dollar, held by foreign institutions in non-interest-bearing accounts.

Large amounts of funds have been attracted into Malaysia in recent months, drawn by the country's strong economic performance and soaring stock market.

Bank Negara says it is determined to ensure that short-term speculative funds do not destabilise the economy.

N Korea backing away from N-inspection deal

By John Burton in Seoul

North Korea appears to be backing away from a promise made to the US agreeing in principle to full international inspections of its seven declared nuclear facilities.

Negotiations between North Korea and the International Atomic Energy Agency on these inspections have reached an impasse after Pyongyang said it would bar full access to a 5MW reactor and a "radiochemical laboratory", believed to be a plutonium reprocessing facility, at the Yongbyon nuclear complex.

North Korea said at the weekend it had agreed in recent talks with the US to allow inspections that would guarantee "the continuity of [nuclear] safeguards". But it was under no obligation to accept full IAEA inspections, since it had only "suspended temporarily" its March 1993 decision to withdraw from the nuclear non-proliferation treaty.

The IAEA wants to inspect the reactor's fuel rods and substances used in the radiochemical laboratory to guarantee that the North has not diverted plutonium for its suspected nuclear weapons programme.

But North Korea will only permit the replacement of film and batteries for surveillance cameras at these sites. The IAEA has refused the offer, stating that the North must submit to the full range of IAEA inspections initially accepted in 1992.

North Korea claimed it agreed to new, limited IAEA inspections in return for the promised suspension of this year's US-South Korean "Team Spirit" military exercise, which has not yet been announced.

Pyongyang appears to be toughening its stance on regular IAEA inspections of its declared nuclear facilities, explaining that they will only be allowed after the US holds another round of high-level talks with the North in an attempt to improve relations.

The US has rejected that demand, saying it will discuss improved ties only if the North permits regular IAEA inspections and renews talks with South Korea on denuclearisation.

The US has indicated that if North Korean fails to reach an inspection accord with the IAEA, it will ask the UN Security Council to impose sanctions on Pyongyang. China and Japan are urging caution in transferring the issue to the UN since it could increase tensions in the Korean peninsula.

Alan Griffiths: a rising star Trevor Humphries

Australian minister quits over funds row

By Nikki Tait

Mr Paul Keating, Australia's prime minister, has lost his second senior minister in as many months. Mr Alan Griffiths, minister for industry, technology and regional development, resigned at the weekend amid allegations that party funds and electoral office facilities had been misused in a private business interest.

Mr Keating said in a statement that Mr Griffiths had informed him of "serious concerns" about the possible misuse of funds, but added: "He told me that he had no involvement at all in any of these matters and that his lawyers are satisfied that on the material presented to them... in their opinion he is not guilty of any wrongdoing or impropriety."

The departure of Mr Griffiths comes only a month after Mr Dawkins, the treasurer, announced his intention to resign – and ultimately to leave politics – for personal reasons. Mr Griffiths, aged 41, has been viewed as one of the Labor party's rising stars.

The allegations against Mr Griffiths have been made by Mrs Lynette Harrison, who operated a sandwich shop in partnership with Mr Griffiths.

Investment in Britain rises tenfold

By Nikki Tait in Sydney

Australian investment in Britain has risen more than tenfold, to almost A$16bn ($11bn) since Australia lifted exchange controls a decade ago.

This makes Britain the biggest single offshore home for Australian investment. According to a report by the Allen Consulting Group, "Australia sends about 35 per cent of its offshore direct investment to Britain, which is eight times more than could be expected from the size of the UK economy." Australia is the fourth largest overseas investor in the UK.

The report also finds Britain is the second largest investor in Australia, although only 7 per cent of its offshore direct investment goes in this direction.

The strength of investment ties is surprising, given the shift in Australian trade flows towards Asia and Britain's, toward Europe. Around 60 per cent of Australia's trade is now conducted with Asia, while around 56 per cent of British exports go to the European Union countries.

The report points out that the wave of Australian investment in Britain over the past decade is largely accounted for by 16 companies – among them, Mr Rupert Murdoch's News Corporation, the Australian Mutual Provident Society, which owns the Pearl and London Life insurance companies, and Foster's, the brewing company which takes in Courage.

But it contradicts the widespread impression that much of this investment took place occured in the mid- to late-1980s, when the last wave of Australian entrepreneurs was at full power. The report says some A$6.5bn was invested over the past five years, and cites a number of companies – such as Amcor, the paper and packaging group – which has made an initial investment in the UK, as the first step to a European operation.

The report suggests a range of reasons for Australia's investment interest in the UK, including cultural, regulatory and language similarities, and the opportunity for expansion into other European markets.

It also says that some expansion-minded companies felt more comfortable operating in the UK than in the highly competitive US environment. "One Australian manufacturing company commented that in Britain if you can be the low cost/best quality producer you will win market share, but in the US you may just bleed red ink as competitors keep down prices to hold market share."

Libya reduces budget forecast

Libya has sharply cut its budget forecast for 1994 because of difficulties caused by UN sanctions, Reuter reports.

"The cut amounts to several billions [dollars]," Prime Minister Abouzid Omar Dourdah said yesterday after the commission of the General People's Congress adopted the draft budget. Figures for the new budget were not made available.

"As a result of the unjust UN sanctions we have been forced to cut our expenses in several domains such as education and health," said Mr Dourdah. The budget was set in such a way that Libya would rely less on oil, its main source of revenue, he said.

HK democracy blow for Patten

By Simon Holberton in Hong Kong

Governor Chris Patten's chances of getting the so-called non-controversial parts of his democracy legislation through Hong Kong's legislature narrowed at the weekend when the Legislative Council's biggest political party said it would seek to amend his plans.

The Liberal party, a 15-member coalition of conservative politicians in the 60-strong council, said that in the interests of getting Britain and China back to the negotiating table it would propose deleting all reference to next year's Legco polls from a bill working its way through the council. But it would support the governor's proposals for forthcoming local government elections.

If the Liberals' amendment succeeds Mr Patten would be placed in a virtually untenable position. One of the reasons talks between Britain and China broke down late last year was the UK refusal to consider the colony's local government elections separately from those for Legco.

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INTERNATIONAL PRESS REVIEW

Japan

The Japanese press pinned the blame on the Social Democratic party for last Friday's unexpected defeat of the political reform bill in the upper house.

Many papers carried front-page pictures of SDP defectors brandishing green opposition ballots, while the **Asahi Shimbun**, the left-leaning daily, ran a picture of Mr Tomiichi Murayama, party leader, bowing deeply in apology to Mr Ichiro Ozawa, who masterminded the political reform offensive.

The Asahi, however, also pointed a finger at the Liberal Democratic party, the leading opposition group, claiming in its editorial that the scandal-ridden LDP rule created the need for political reform, and it was the LDP which failed to implement reform while in power.

The leading national dailies also managed a jibe at Mr Ozawa, for whom they have had little love ever since he lashed out at two leading national papers for unfavourable reports. The **Mainichi Shimbun** called the bill's defeat a rejection by the upper house of "Ozawa GHO's steamroller tactics".

With only a week to work out a compromise reform bill, pessimism prevailed in the papers' predictions on the fate of reform.

The **Yomiuri Shimbun**, the conservative daily, urged against an agreement where an anti-corruption bill is separated from electoral reform – a plan suggested by LDP elders and some SDP members – calling it a "deception" by politicians trying to save their own necks.

Fears were also raised over the economy. The **Nihon Keizai Shimbun**, the business daily, warned against "anarchy on the economic front", also predicting a delay in tax reform and confusion among economic planners and the financial markets.

Ichiro Ozawa: jibes from the national press

Most of the press were vague on the fate of Mr Morihiro Hosokawa, prime minister, who pledged to resign if political reform failed to pass through parliament. The dailies carried comments by the LDP's Mr Michio Watanabe, former foreign minister, that he would not pursue Mr Hosokawa's resignation.

Even the sports tabloids provided some political analysis. **Tokyo Sports**, known for its lurid headlines, explained that the turmoil over political reform was just another version of the popular sports games between rivals Keio and Waseda (Japan's version of Oxford and Cambridge), dubbing it a match between Mr Ozawa, a Keio graduate, and LDP leader Mr Yohei Kono, a Waseda man.

United States

Great disasters are a regular occurrence in southern California and the region's main newspaper, the **Los Angeles Times**, is equipped to deal with them.

After winning a Pulitzer prize for its coverage of the 1992 riots in Los Angeles, the LA Times produced the same sort of blanket reporting after last week's earthquake.

Even the paper's slimline east coast edition – a model of compactness and clarity which some Californian readers beg the company to send them in place of the advertisement-laden local edition – offered seven complete pages on the "Disaster before Dawn" and its aftermath.

Besides one editorial and opinions from outside contributors, the LA Times contained articles by 18 bylined reporters, and gave credit for their contributions to another 132 people on the editorial staff and 24 special correspondents.

In its editorial, the LA Times remained strictly practical, concentrating on the implications of the quake for the region's freeway and rail networks.

From the other side of the country, the **New York Times** editorialists were unable to get so close to the ground; instead, they mused weightily on "the precariousness of human life on the edge of nature's immense, imponderable forces".

But for most people, the earthquake was a television event, with the first reports coming on the Monday morning news shows. Even the venerable Mr Walter Cronkite, fortuitously in Los Angeles on personal business, made a brief report.

His successor as CBS's anchor, Mr Dan Rather, is usually so obsessed with natural disasters – especially hurricanes – that he can be counted on to turn up. This time, however, he did not broadcast from Los Angeles until Tuesday, beaten to the draw by Mr Peter Jennings of ABC and Mr Tom Brokaw of CBS.

Burma

There is something quaint about **The New Light of Myanmar**, the official newspaper of the Burmese military junta.

The absence of real domestic news or debate, the plethora of irrelevant foreign stories taken from news agencies ("With 80 foreign news reports" the paper boasted on Friday), and the bizarre, empty formulas used to describe the activities of government ministers have the flavour of the press in a Soviet satellite state during the 1970s.

Previously called The Working People's Daily, the NLM is required reading for students of Burma, just as Pravda was scrutinised by Kremlin-watchers in the heyday of Soviet communism.

Rangoon diplomats are always alert for clues to the thinking of Burma's secretive rulers: Why was such and such a general not shown in the photograph on page four? Why was this speech given more prominence than that speech?

One big news item last week was the latest session of a national convention, whose members are being coerced by the junta into drafting a new, pro-military constitution.

But more prominence – the diplomats noted – was given to daily mass rallies by the Union Solidarity and Development Association (Usda), a group founded four months ago to support the junta and probably to become its future political wing.

Reports of these rallies are reassuringly predictable. Columns of people march to a sports ground; a leader addresses the rally and condemns the "wily tricks of neo-colonialists"; the people unanimously approve six motions (including one in support of the forthcoming constitution); the "mammoth gathering" then closes with either "thunderous applause", or, more usually, "tumultuous chanting of slogans"; people then depart in an orderly manner.

The NLM blithely ignores the reluctance with which people attend these rallies (most are civil servants and schoolchildren bussed to the site) and the guerrilla methods used by Burmese citizens to express displeasure with Usda functions (by cheering in the wrong places, and crowding at the exits to get out before the end).

With Orwellian audacity, the NLM last week published an editorial in praise of truth. "As always," it said, "truth shall prevail, and when more of our brethren realise who it is that drives a wedge between us [the editorial does not say who is driving wedges] and how much we must together resist such dastardly acts, we will come out the victor. In truth we trust." Up to a point, Lord Copper.

Contributions from Emiko Terazono in Tokyo, George Graham in Washington and Victor Mallet in Rangoon.

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Clarke hits back over Labour jibes on tax

By David Owen and Alison Smith

The Conservative party's credentials as the party of low taxation were under attack at Westminster last night.

This followed the emergence of damaging figures showing that a typical family will next year pay proportionately more in direct and indirect tax than when Labour was last in power.

The opposition parties pounced on the disclosure, with Labour accusing the government of making the "biggest tax demand in history".

But Mr Kenneth Clarke, chancellor of the exchequer, hit back, questioning the legitimacy of the comparison and arguing that taxes would always be lower under a Conservative government than under Labour in any given year.

At the centre of the row, which erupted just ahead of tomorrow's crucial House of Commons debate on the finance bill, was the Treasury's disclosure that a typical family will pay 35 per cent of its income in direct and indirect tax in 1994-95. This would compare with 32.2 per cent under Labour in 1978-79.

Labour produced further government figures yesterday showing that the proportion of gross domestic product taken by non-North Sea taxes, social security contributions and local authority taxes would rise to 35¼ per cent in 1994-95 and 38½ per cent in 1998-99.

This would outstrip the 34½ per cent taken in 1978-79 when Labour was last in government.

Tory MPs are now braced to come under pressure from their constituents over the heavier tax burden once people realise how much they are paying. This would be as a result either of being informed by the Inland Revenue or simply from seeing deductions from their pay in April itself.

Interviewed on BBC TV's Breakfast with Frost, Mr Clarke insisted that comparing current levels of taxation with the last year of a Labour government was "false".

He said: "If you had a Labour chancellor now, taxes would be much, much higher.

"At the very end of the Labour government they did actually get tax down below where we are at the moment, but that was one of the most irresponsible things that Denis Healey [then chancellor] did in the run-up to the election.

But Mr Gordon Brown, shadow chancellor, accused his opposite number of "tax deception."

"The facts are incontrovertible," Mr Brown said. "Tax is higher than under Labour. Because the Tories will never tell the truth about their tax bills, the country will never trust them on tax again."

Mr Alan Beith, the Liberal Democrat Treasury spokesman, said that forthcoming tax increases were "so large they have put the recovery at risk".

Resignation deal close at Lonrho

By Roland Rudd and Robert Peston

Four of Mr Tiny Rowland's closest supporters on the board of Lonrho are near to agreeing to resign from the company in return for payments equivalent to two years' salary.

Their departure would leave Mr Dieter Bock, joint chief executive of Lonrho with Mr Rowland, in control of the international conglomerate. Since joining Lonrho a year ago, Mr Bock has been battling with Mr Rowland to transform the international trading group into a more orthodox company.

The resignation deal may be announced on Tuesday together with the group's annual results. Shareholders' approval for the payments will probably be sought because the four directors are on one-year contracts – any compensation arrangements exceeding the contractual obligation must be put to a shareholders' vote.

The directors discussing the terms of their early departure are Mr Rene Leclezio, chairman, and Sir Peter Youens, both in their 70s, and the two deputy chairmen, Mr Paul Spicer and Mr Robert Dunlop, who are in their mid-60s.

Last year, Mr Bock succeeded in appointing non-executives to the Lonrho board for the first time in 20 years. His priority for months has been to arrange the resignations of a handful of directors closely linked to Mr Rowland.

Severance pay for the four, which could be around £500,000 each for Mr Spicer and Mr Leclezio, has to be generous since Lonrho's articles of association make the departure of any director conditional on that director's consent.

Some Lonrho shareholders are likely to be reluctant to agree to such generous terms. Rather than risk a public dispute over the payments, Mr Bock had originally considered paying the four their contractual entitlements and then a further amount, described as consultancy payments, equivalent to an extra 12 months' salary. That would have avoided a shareholder vote.

But Mr Bock is keen that the company should be seen to be following the Cadbury Committee's code on corporate governance and felt that avoiding a shareholder vote would not be within the spirit of the code.

At Lonrho's annual meeting March, shareholders will be asked to vote for changes to the group's articles of association which would allow directors to be removed by a simple majority and the introduction of retirement at 65. Mr Rowland, who is 76, would be exempt from this rule.

Dairy groups scramble for milk

By Deborah Hargreaves

Almost half the 28,500 dairy farmers in England and Wales have signed to join Milk Marque, the farmers' co-operative which is to be formed from the Milk Marketing Board.

The board, the monopoly buyer of milk for distribution and processing for more than 60 years, meets the UK government today to complete changes to its plans to turn itself into Milk Marque.

Government objections to its original plans have set back introduction of competition to the market from April to August or October. But Britain's largest dairy companies are already scrambling to secure milk supplies before the £3.3bn milk market in England and Wales becomes a competitive free-for-all.

Many companies are promising farmers higher prices for their milk. But many farmers believe they should stick together in the face of the powerful dairies.

Mr George Harrison, a dairy farmer from Clifton in Cumbria, said: "By joining Milk Marque, I was thinking that as farmers we'd all hold together and that way keep our power. But there's always a small minority that think otherwise and go for the extra money."

Mr Chris Wood, a neighbouring producer, is one of the dairy farmers attracted by the extra cash. He plans to sell his milk to a cheesemaking plant in Appleby which is run by Express Dairies. Express has offered him a premium above the price paid by Milk Marque.

Eric Whitehead

Dairy farmer George Harrison: "By joining Milk Marque, I was thinking that we'd all hold together"

With milk supply in England and Wales limited to 85 per cent of the market's needs by Brussels quotas, dairies will have to pay more money for their supplies in the free market. The system used for setting wholesale prices keeps them artificially low.

Low wholesale prices have led to widespread overcapacity in the dairy processing industry – estimates put it at between 30 per cent and 60 per cent. Intense competition for milk supplies is expected to see the closure of many processing plants.

Mr Richard Atkinson, another Cumbrian dairy farmer, said that is why he has decided not to tie himself to the local Appleby plant, but is leaning towards signing with Nestlé. "Nestlé has enormous financial backing and has a strategy of concentrating in the UK and Holland – you're assured of a market," he said.

Britain in brief

Executive pay rises by 5.7%

Britain's executives won average pay and fringe benefit increases worth 5.7 per cent last year, compared with average increases of 3 per cent for the workforce as a whole.

The rise is nearly four times the increase public sector workers secured in 1993 under the UK government's 1.5 per cent pay policy.

The size of executive pay rises, disclosed in a survey of more than 400 companies for the Financial Times by the Sedgwick Noble Lowndes group of management consultants and actuaries, comes as ministers are trying to impose a three-year freeze on the public sector's pay bill and retail price rises are running at an annual rate of less than 2 per cent.

Union plea at Eurotunnel

British and French unions are demanding that Eurotunnel should accept full union rights for their employees after the opening of the Channel tunnel later this year.

Officials from the UK's TGWU general union and the French union federation CGT met in Lille, northern France, to discuss future relations with the company, which has so far refused to negotiate any collective agreement with unions.

The TGWU said after the meeting that it was clear Eurotunnel intended "to impose upon its European workers a complete deregulation of all social rights which would be a serious setback for the achievement of workers".

Both unions are pressing for an early meeting with the company to talk about recognition.

The company said it had received no request from employees for unions, and added that Eurotunnel is "subject to the full rigour of European social legislation".

Blow to Ulster peace hopes

Hopes of a peace deal in Northern Ireland continued to fade last night when Mr Gerry Adams, Sinn Féin president, yesterday urged the UK government to tell unionists that their future lay with "the rest of the Irish people".

Interviewed on RTE Radio in Dublin, Mr Adams said that if the government did so, Sinn Féin would be "flexible" and would seek "a peaceful development towards an accord which everyone can give allegiance to".

His remarks dealt a further blow to faltering hopes of peace because such a move would require an unlikely climbdown from the government.

Mr John Hume, leader of the mainly Roman Catholic Social Democratic and Labour party, said yesterday that he believed republican leaders still wanted an end to violence.

Mr Hume has been involved in talks with Mr Adams that began before the Downing Street Declaration in December.

N Sea financial forum is formed

Financial participants in North Sea oil consortia have formed a group to promote the interests of companies which do not actually operate the offshore facilities.

The Non-Operators Forum is particularly concerned that the costs of corporate decisions taken by oilfield operators, such as redundancy programmes, are routinely passed on to them without consultation.

The 12 founding companies include OMV of Austria, Santa Fe Exploration and Svenska Petroleum of Sweden. About 50 such non-operating companies are active in North Sea consortia.

British donations to charity 'lag overseas generosity'

By Alan Pike, Social Affairs Correspondent

Donations to charity*					
Total	Britain	Canada	France	Spain	US
% giving nothing	35%	38%	73%	29%	45%
Typical donation per month (£)	2	10.5	10.10	7	12

* Total donation per person in month prior to interview

Source: Charities Aid Foundation

Britain's treasured notion of itself as a philanthropic nation that gives generously to charity is challenged by an international study published today.

It shows that, while a majority of British people make donations to charity, the amounts they give do not stand up to overseas comparison. A typical British charity supporter donates only £2 a month – one-sixth of his of her US counterpart, and far lower than Canadian, French or Spanish donors.

The survey, the first international comparative study of giving and volunteering, illustrates the depth of a serious dilemma facing the British voluntary sector. It is coming under increasing pressure to provide additional services, while the public still finance charities with small change.

The British are far more likely to contribute relatively small amounts than donors in any of the other four countries surveyed – 19 per cent of British donors give less than £1 per month, compared with only 2 per cent in Canada and France, 4 per cent in the US and 8 per cent in Spain. While 11 per cent of British donors are shown by the survey to give more than £10 per month, they are overshadowed by 28 per cent in Canada, 26 per cent in the US and 21 per cent in Spain.

A single bright spot in the findings for British charities is that the proportion of the population donating to charity – 65 per cent – was the highest of any of the countries surveyed except Spain, where the results were influenced by large numbers of people buying tickets for charity lotteries. But although only 27 per cent of the French population had made a recent charitable donation when the survey was conducted the typical amount given was £10.10, compared with Britain's £2.

One explanation for the disparity may be that street and door-to-door collections remain the most common form of raising money from individuals in Britain. French donors are more likely to respond to advertisements or appeal letters.

Mr Michael Brophy, executive director of the Charities Aid Foundation which co-ordinated the research, said that while giving to good causes was a strong and established part of the British culture, the results suggested that "we do not value the role played by charities to the extent that some other countries do".

THE MONDAY People page

Tony O'Reilly's independent standpoint

The boss of H. J. Heinz tells **Ray Snoddy** of his plans to break into British media

Dr Tony O'Reilly, head of H. J. Heinz, the international food giant, has a mission statement on his desk these days which has nothing to do with the importance of brands or the future of the Irish rugby team, subjects he cares deeply about.

His favourite mission statement at the moment is the one produced by advertising agency Saatchi & Saatchi for the founding of The Independent newspaper promising that it "should be independent from all groups". As he plans his counterattack to the proposition likely to be unveiled this week, that could make Mirror Group Newspapers a 40 per cent shareholder in Newspaper Publishing, the loss-making publishers of The Independent, O'Reilly is placing considerable emphasis on independence.

Selling newspapers is all about perceptions, the former Ireland rugby international says, and a newspaper sold as independent has to be seen to be so.

"I have no doubt the only way to have a future [for the Independent], the only reason for its being depends on it being even more independent," says O'Reilly. What will readers think, he asks, if "suddenly 40 per cent is now owned by a fairly lurid left-wing paper" although he concedes some say the Daily Mirror may not now be as left-wing as it once was.

O'Reilly has already made an indicative offer of about £30m for up to 29.9 per cent of the group. A more formal proposal could be tabled for a Newspaper Publishing board meeting on Thursday.

That bid is the latest of O'Reilly's attempts to win a slice of the British national newspaper market. This week will be crucial in determining whether he wins a seat at the top table of British newspaper publishing, to sit alongside the international media magnates such as Conrad Black and Ruper Murdoch whom he regards as his peers.

O'Reilly was fascinated by the launch of The Independent in 1986.

"The Independent represented a breaking of the mould in British journalism. In presentation and style it provided something new. Not breathtakingly new but an interesting niche approach to a vibrant market. This was an interesting brand and one I was personally excited by," he says.

Now he is determined to take a stake in the newspaper he much admired and play a part "in the slow process by which the fortunes of the paper are mended". He says is not looking "for something that is going to be a quick buck".

For years O'Reilly has wanted to expand his newspaper interests from his original base in Ireland and in particular into the UK national press.

International ambitions

Whenever there is talk of a national UK newspaper being for sale, O'Reilly's name always comes up. He failed in an attempt to buy MGN when a majority stake of the group was held by administrators. His international ambitions suffered a setback when he lost out to Conrad Black in the battle for John Fairfax newspapers in Australia.

"We haven't so much been banging on the door [of UK national newspapers] as banging on the side door," says O'Reilly. He is well known to be one of the most highly paid executives in the world as chief executive of Heinz. He began his rise to the top when, in his own words, he "redefined what agricultural marketing was all about" by launching the Kerrygold campaign for Irish butter when he was 26.

His background in food does not mean he is without serious newspaper credentials. With the help of a management team led by Mr Liam Healey, O'Reilly expanded from his Dublin base to encompass commercial radio in California, Australian Provincial Newspapers in Queensland (controlled by O'Reilly family interests), an outdoor advertising business, half of the cable television business in Ireland and a joint venture with United Newspapers which produces a hybrid of the Daily Star for the Irish market – an edition that sells 90,000 a day.

O'Reilly's template for the future of The Independent would involve a spread of minority shareholders to ensure independence. They would then buy all the services they needed, such as printing, on the open market.

The would-be shareholder in Newspaper Publishing is not without allies. He has been approached by another potential investor in the company, a newspaper group which he declines to name but whose credentials, he says, are impeccable.

"We have not got another shareholder lined up but we have had an approach," says O'Reilly, and suggests that the potential shareholder could be on board by Newspaper Publishing's Thursday board meeting – the first to consider the various bids and proposals on offer.

He clearly envisages a continuing role for Andreas Whittam Smith, principal founder of The Independent. It would probably not be as central as that being suggested by the consortium Whittam Smith is putting together with MGN.

Under this proposal, existing shareholders El Pais and La Repubblica would hold 51 per cent with the founders holding nearly 10 per cent. Whittam Smith would remain editor-in-chief, one of seven directors and possibly even chairman.

"The reality [on Whittam Smith] is that almost like De Gaulle – L'Etat, C'est Moi," says O'Reilly. However, it is thought that he has identified a candidate who would be brought in to edit The Independent on a day-to-day basis.

Clear vision

His aim is to have shareholders at Newspaper Publishing with cash, experience and a clear vision of what The Independent is about. He does not believe he can be shut out. Mr Ian Hay Davidson, chairman of Newspaper Publishing, has made it clear that he wants to see at least one alternative to the Whittam Smith consortium on the table on Thursday.

The Heinz bos says he would be flexible in his approach to the future of Newspaper Publishing and would be prepared to work not only with the founders but also shareholders such as El Pais and La Repubblica.

He says that playing rugby for Ireland taught him how to cope with losing. But that is not something he is prepared to do now. "Although we will not make a solus offer for the entire company, we are very very determined," he explains. This is a battle he has no intention of losing.

Internationally . . .

Cheung: leading light in Hong Kong

The sudden death of Michael Gale understandably overshadowed another announcement Hongkong Telecommunications made last Wednesday – the appointment of Linus Cheung, 45, as the company's chief executive from May 1, writes Simon Holberton.

Cheung (or, Cheung Wing Lam as he is known in the Chinese-language press) was, until his appointment, the most senior Hong Kong Chinese executive with Cathay Pacific, the Swire-controlled international airline based in Hong Kong. Earlier this month he had been made deputy managing director of Cathay with responsibility for the airline's worldwide commercial activities.

Cheung's rise at Cathay – which, like most other British-owned companies in Hong Kong, is dominated by expatriate managers whom nice young girls would be happy to introduce to their mothers – is due in no small part to the business skills he displayed in developing Cathay's business in Taiwan.

Former colleagues in business and government – Cheung did a two-year secondment at the Hong Kong government's policy unit, or "think tank", in the late 1980s – describe him as a highly polished performer. Indeed, "smooth" is an adjective most often used to describe him.

He is "totally user-friendly in a cosmopolitan world", in the words of one former colleague. "He is a highly motivated almost restless commercial man with a genuine sense of social responsibility."

Cheung is a leading representative of the post-war "Hong Kong generation" – born and brought up in Hong Kong, many of the brightest came to notice at Hong Kong University in the late 1960s and early 1970s. His contemporaries are now leading lights in local politics, the law and business.

But with his appointment to the top of the pile at Hongkong Telecom Cheung can claim to have outshone them all.

Buba's new baby banker

Gerd Haüsler, one of only two candidates ever to pull off a "one" in the tough apprenticeship exams for fast stream Bundesbank officials, seldom fails to make an impression, writes Katharine Campbell. So it comes as no surprise to German central bankers that, at the tender age of 42, their smooth-talking colleague is expected to succeed Günter Storch in the council's seven-man directorate when Storch retires at 68 next month.

Haüsler would be the most youthful director ever – Helmut Schlesinger, Buba president until last October, was hitherto the youngest when he was promoted at 48. With his fluent American and French and his bulging international contacts book, he should also inject a cosmopolitan air into council proceedings.

As well as showing talent in the bank's basketball team, Haüsler worked for most of the 1980s as the then president Karl Otto Pöhl's personal assistant. A veteran of the international department, he had also earlier had a spell at the Bank for International Settlements as pa to Günther Schleiminger, who was general manager. He has run the main credit department since 1990.

Closely associated with the Free Democratic party, he is also a natural replacement for the similarly aligned Storch, thereby maintaining the tradition that one member of the directorate is of liberal persuasions.

With the approval of the Bonn cabinet already secured, formal confirmation of the appointment now appears to rest only on the signature of Germany's president Richard von Weizsäcker.

Hoechst by his own petard

Wolfgang Hilger (below), chairman of Hoechst, will not seek election to the company's supervisory board when he retires next year, writes Christopher Parkes.

His unexplained decision is a departure from German business tradition – especially strong at Hoechst – whereby top managers normally end their careers supervising the activities of their successors.

The announcement followed promptly on the heels of a press report on Friday that present members of the supervisory board did not want him. The report said his conduct during a series of chemicals leaks and accidents a year ago was considered to have severely damaged the group's reputation.

During late February and early April 1993, after 10 years clear of noteworthy accidents or spillages, the company reported almost 20 within less than two weeks. Hilger was condemned in the German media as an "insensitive technocrat" after he blamed fate for the "statistical frequency" of the accidents, which resulted in one death.

EIB top staffer

Thomas Oursin is the new secretary general of the European Investment Bank, the highest staff position at the Luxembourg-based bank, writes Lionel Barber. His appointment bears the fingerprints of Sir Brian Unwin, former head of the UK Customs and Excise who took over as EIB president last year.

Sir Brian wants to improve communications with his political masters in Brussels, and to make sure that the EIB can shape policy as it expands its lending portfolios and takes a leading role in the European Commission's strategy to promote economic growth and competitiveness inside the EU.

Oursin, a 63-year-old German who worked at the World Bank, joined the EIB in 1974 and has a reputation for being sociable and skilled at absorbing briefs. His last job was head of the directorate dealing with operations outside the EU, such as Asia, Eastern Europe, and Latin America. He replaced Dieter Hartwich in the post as from January 1.

MANAGEMENT

Trifast is a pioneer of partnership sourcing. **Andrew Baxter** reports on the background to its flotation

Principles to fasten on to

For the average hard-nosed stock market investor, laudable concepts such as partnership sourcing, just-in-time delivery and total quality management tend to take second place to cash flow, gearing and dividend payments.

But for Malcolm Diamond, managing director of Sussex-based Trifast, they are three guiding principles for business. After a decade using them, and persuading customers to work in partnership with Trifast, he is hoping to convince investors of their importance too.

Trifast is going public next month in a £15m flotation that will raise £3m-£4m for the company – most of the rest will go to its two founders, who are cashing in a big part of their stake. The pathfinder document is due to be released on Wednesday.

In financial terms, it is an unexceptional deal, and Trifast's products – some 70,000 different types of industrial fasteners with names like the Binx Nut and the Hank Rivet Bush – are unlikely to get City types salivating. But, apart from offering an investment in a barometer of the UK electronics and electrical industry, where most of Trifast's fastenings end up, it is also a rare opportunity to invest in a UK pioneer of influential management ideas.

Diamond, who has worked at Trifast for 19 years and been its managing director since 1984, talks about them with as much commitment and enthusiasm as on the subject of the latest technology for putting heads on to screws. He says the principles are much more than just a philosophical framework – there is a clear link between their adoption and the financial performance of the company, which trades as TR Fastenings.

The practice for which Trifast has gained most recognition is known as partnership sourcing. This involves it becoming sole supplier to a customer, normally for all its fastener needs, and often supplying direct to the production line.

With a high degree of trust on both sides, paperwork can be cut to a minimum, the customers' stock levels can be reduced and Trifast gets the security of long-term business in return for giving a better overall service.

Up to this point, partnership sourcing has much in common with another new approach known as "fastener management". In this case a supplier such as Trifast takes responsibility for all the customer's fastener needs, in line with the trend towards the contracting out of "non-core" services.

But the partnership approach goes further, as it leads to a cradle-to-grave relationship on each of the customer's products. The supplier gets an early look at planned products so that it can work out its own schedules and make suggestions to the customers, and also receives early warning of when a product is to be replaced.

Trifast's Malcolm Diamond (right) with financial director John Wilson

Partnership sourcing has become increasingly important in the information technology and electronics industry, where short product cycles and the fast pace of change make such a relationship mutually beneficial – if not crucial, especially for the supplier. Other fastener companies, such as Infast, part of Haden MacLellan Holdings, are also developing such arrangements with customers. Partnership sourcing is also being promoted more widely by the Department of Trade and Industry and the Confederation of British Industry.

Roger Hardman of James Capel, Trifast's broker, claims partnership sourcing is part of a virtuous triangle which also comprises JIT and TQM. "None of these philosophies is much use without the others," he says. "It's all indicative of an approach that puts the customer first."

Trifast's involvement with partnership sourcing began a decade ago when IBM UK wanted to reduce costs by thinning its supplier base. "They told us we were an average supplier of fasteners, but our attitudes were better than average," says Diamond. "So we were selected as a guinea-pig – because with so many types of fastener there is so much scope for things to go wrong."

Initially staggered by the demands on quality and delivery made by IBM in return for becoming a single supplier of fasteners, Trifast has now won two of the computer company's "market driven quality" awards and gained sufficiently in confidence to take the concept to other customers.

Diamond likens partnership sourcing to a supermarket which customers use because of the overall package – the convenience of shopping in one place, known reliability and quality – even though some individual items might be found more cheaply by going round several shops in the high street.

The challenge, says Bob Stevens, group quality director, is to convince purchasing managers to look at overall costs rather than price and to accept that partnership sourcing can lead to savings even if it does not put money in their hands. The costs and time involved in repeatedly contacting a batch of fastener suppliers, asking about price and delivery and choosing the best deal, are frequently overlooked.

"Very rarely do fasteners exceed 1 per cent of total purchasing," says Diamond, "but the overheads often exceed that." Once the core relationship is established, however, there are some useful spin-offs for Trifast. Some IT suppliers are using the fastener supplier to bring in items such as cabling and industrial gloves on its regular trips to fill the fastener bins, says Martin Phillips, director responsible for sales to the IT and electronics industries.

Partnership sourcing and fastener management have taken off for Trifast in the past five years, comments Stevens, and it now has 70 customers using such arrangements. This represents just 2 per cent of its customer base of 3,500, but already accounts for about a third of its annual sales and could reach half, says Diamond.

For investors, there are two points about such arrangements. First, the margins on this business are generally higher, says Diamond. Just as importantly, partnership sourcing "locks in" the supplier to the customer, insulating at least part of the business from the vagaries of the traditional customer-supplier battleground.

TIPS FROM THE TOP

Honesty is the best policy

Tom Farmer, chairman of Kwik-Fit, offers advice on how to build a culture of integrity

I have always believed that most people are fundamentally honest and, provided they are given the proper opportunity and recognition, they will give of their best. While there have been occasions when I have been disappointed, it is a view that has served me well throughout my life. With the correct recruitment policy and people it is the only approach that you can take when running a business, whatever its scale.

The right culture will mean that an act of dishonesty becomes a betrayal of oneself and one's colleagues

Honesty is an intangible quality for which it is impossible to legislate. You can have as many rules as you want but if people choose to break them then there is little that you can do to stop them. It is the responsibility of management to create an environment which reduces temptation by having adequate controls which are sound but not stifling.

The most effective deterrent is to build within the company a culture based on pride in one's job. Not only will this improve the quality of the service or product offered, and produce profit, it will mean that an act of dishonesty becomes a betrayal of oneself and one's colleagues. This culture must stem from the top down and the attitude of management towards their people is a vital element in its creation.

I have found that the best results are achieved by treating people as you would wish to be treated. People must be provided with a decent working environment and all the facilities they require to do their job. A proper pay scheme must be in place which reflects their contribution and everyone should have the opportunity to share in the profits they help to create.

Everyone should know what is expected of them and should have received sufficient training to enable them to be fully skilled in that task. There should be opportunities for everyone to develop to the best of his or her abilities; the promotion prospects and training programmes within the company should encourage ambition.

Last year we served 4m customers – the majority of which were making a "distress purchase". At Kwik-Fit we aim for "100 per cent customer delight". It is a standard that we have set ourselves and a promise to our customers that is the main theme of our advertising on which we spend around £10m per year.

Unfortunately we do not achieve this in every single case. Two years ago we were the subject of criticism by a consumer magazine. While we did not agree with all aspects of their analysis, their findings taught everyone within Kwik-Fit a valuable lesson. It showed that people who did not follow their training and the company's procedures could jeopardise the company's reputation.

This criticism made us review our operating practices. While we had procedures and training programmes in place we found that they were not always being carried out effectively.

BS5750, together with Investors in People, identified the areas for improvement and helped us to plug the loopholes which can arise in any company's operations. The company which is honest acknowledges where there are areas for improvement and accepts criticism which can be turned into a force for good provided proper steps are taken to make change.

We publish our results within 15 working days of the year end. We established systems to improve our profitability but we have realised other benefits. Our people know our culture and it is made clear that anyone who breaks the rules has no place within the company.

We have not always managed to achieve all the things I have outlined above all of the time. I know that because human beings are fallible, there have been occasions when someone has been let down – but we try and we keep trying to develop and maintain our standards. It must be an obsession and what I would describe as a "magnificent obsession". I have found that our principles form the basis not only for an honest culture but a profitable business.

Next Monday: Lew Platt of Hewlett-Packard concludes the series with tips on how to keep close to your employees.

BUSINESS TRAVEL

'But which one goes first?'

Jim Kelly on the confusing choice of trains between London and Gatwick

Business travellers arriving at London's Gatwick airport now have three choices of rail service into the capital. In theory, this should make it easy for weary voyagers to pick the first train heading in their direction. The reality is sadly disappointing.

The choices are part of the run-up to the UK government's railway privatisation programme. The Gatwick Express, the non-stop link between the airport and London's Victoria station is to be privatised this year. It now faces competition from two divisions of British Rail – Network SouthEast and Thameslink.

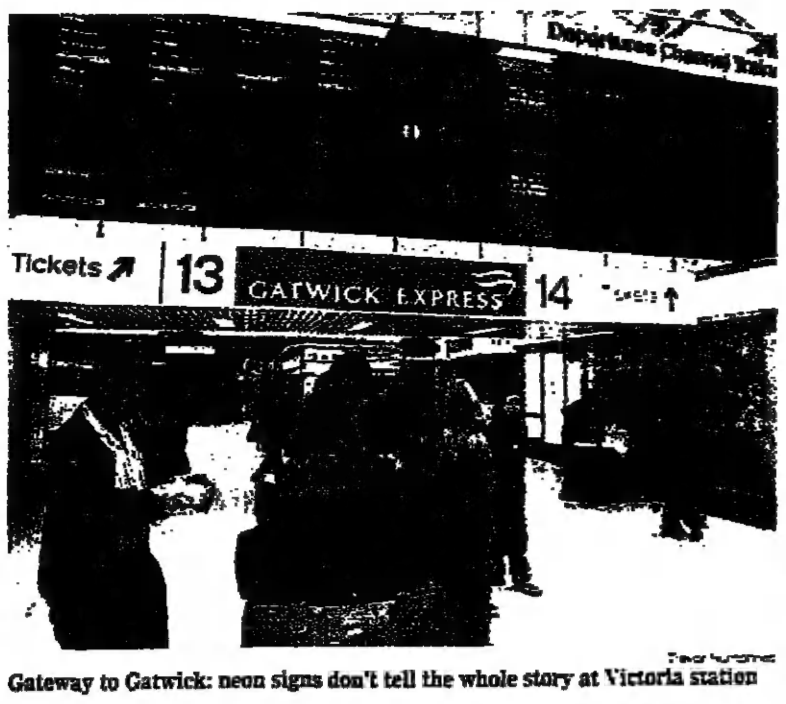
The problem with such variety is that, if it is to be useful, we have to know that there is a choice, and have enough information to make one.

If you are travelling to Gatwick from central London, a flashing neon information board at Victoria station tells you which Gatwick Express leaves next. But what you really need is one that tells you which service leaves next, regardless of the operator.

Business travellers leaving the flight arrival hall at Gatwick, on the other hand, have to make their first choice as they move towards British Rail's booking hall. Two large posters stand over the entrance: one advertises the Gatwick Express, the other BR's Thameslink service to the City of London.

Now here is a real, and useful, choice – between travelling on the Gatwick Express into the capital's Victoria station, with its excellent connections and proximity to the West End, or making your way via Thameslink to London Bridge, the City Thameslink station, and then King's Cross for stations to the north. But by the time you have reached the station booking hall this choice has probably been lost under an advertising onslaught from the Gatwick Express.

The booking hall appears to have been decorated for a papal visit. Maroon banners hang from the ceiling promoting Gatwick Express. The first three booking windows, inevitably decked out in maroon, are for Gatwick Express.



Gateway to Gatwick: neon signs don't tell the whole story at Victoria station

Beyond those booking windows are the ones for BR's Network SouthCentral service to Victoria. This service is three minutes slower than Gatwick Express's, but slightly cheaper.

But what flight-weary travellers are probably most interested in is which will get them to Victoria first. When trying to buy a Network SouthCentral ticket, I was told by staff at the booking window that there was a faster alternative. I was not told I could choose an alternative destination via Thameslink, or that the Network SouthCentral train might leave before a Gatwick Express anyway.

The most useful information in the booking hall is a modest-sized, framed poster summarising the destinations available, the prices and the frequency of service. These are displayed by the booking windows – which means that after queueing for a ticket you may discover you have been waiting in the wrong place.

Tickets are transferable between the services, but I could see nothing to inform the average traveller of this. Supplements have to be paid if you move to Gatwick Express.

So how do the services compare? Gatwick Express's principal advantage is that it leaves every 15 minutes, and is clearly signposted at both ends of the journey. The trains are immaculate, with extra room for luggage. The price is £8.60, or £13 for club class ($12.72 and $19.24 respectively).

SouthCentral has older stock, is less comfortable and has probably arrived from Brighton, or elsewhere in the south of England. It can therefore be quite full. Network SouthCentral plans to run a service every 15 minutes from May. The price is £7.50 ($11.30 first class).

Thameslink currently runs twice an hour, but has plans for more frequent services. It charges £7.50 to London Bridge, £8 to City Thameslink. The trains are clean, roomy, but not as comfortable as the Gatwick Express. Thameslink is useful if you want to go direct to the City of London or to make a connection to the north at King's Cross.

My Gatwick Express from Victoria to the airport was smart, clean and air-conditioned. At another platform was a Network SouthCentral train, which was crowded and grimy – but it left first.

Quake city on the way back

Los Angeles seems to getting back to business as usual a week after the earthquake that killed more than 50 people and caused an estimated $10bn-$30bn in damage. The UK Foreign Office has withdrawn its warning that only essential journeys should be made to the city.

Portuguese strike

Transport in Portugal may be disrupted on Tuesday 25 January. Portuguese civil servants, doctors and teachers have called a national one-day strike in protest at proposals by prime minister Aníbal Cavaco Silva's centre-right government to limit 1994 public sector pay rises to 2 per cent. Transport workers also plan stoppages.

In Spain too

Spain's two biggest trade unions will hold a one-day national general strike on Thursday 27 January in protest at the socialist government's plans to reform the labour market to make hiring and firing easier and cheaper.

Unsafe passage to the CIS

Internal air travel in the former Soviet union is fraught with difficulties.

Cancellations, long delays and overloading of flights in some CIS states are frequent, particularly in the Trancaucasus. It is not known whether aircrafts are regularly maintained.

Travellers are advised where possible to fly directly to their destination on an international flight originating from outside the former Soviet Union.

But even this may be disrupted if a threatened strike by Russia's air traffic controllers goes ahead. The controllers complain that they often have to work with outdated and unreliable radar and communications equipment.

Last week a Russian investigation commission said "an extremely serious error" by an air traffic controller nearly caused a mid-air collision between two western jumbo jets over Russia's far east in late November.

Once safely in the former Soviet Union, however, there are now few difficulties in conducting business in, for example, the oil-rich state of Azerbaijan, provided you avoid the Nagorno-Karabakh enclave and border areas. The UK Foreign Office says it is safe to travel to Azerbaijan.

Visitors to the Tajikistan capital of Dushanbe say they have to cope with a nightly curfew, rising crime and power shortages. On arrival in Dushanbe declare all foreign currency and valuable items such as jewellery, cameras, computers, etc.

Up, up and away

The number of scheduled airlines continues to increase in spite of predictions of another big collective financial loss for the industry for 1993.

Worldwide, 110 scheduled airlines started services last year, while another 84 closed shop, either through failures, withdrawals from scheduled flights or mergers.

According to a year-end survey by ABC World Airways Guide the net gain of 26 last year was 50 per cent more than in 1992.

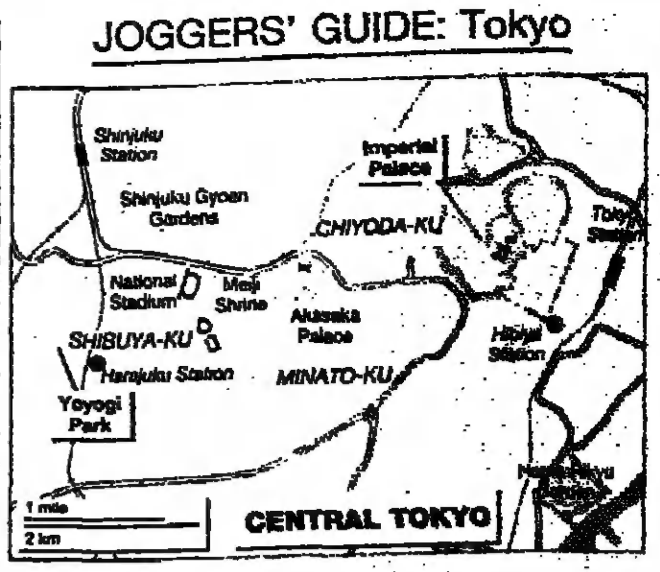
Among airlines starting scheduled services in 1993 were the Bahamas-based Laker Airways, Air 2000 and British World Airlines, two UK carriers which to date had been exclusively charter, and nine new entrants in CIS states. Famous names to disappear from the scheduled market included UTA (merged with Air France), Denmark's Sterling Airways, Nationair of Canada and MGM Grand Air in the US.

Likely weather in the leading business centres

	Mon	Tue	Wed	Thur	Fri
Tokyo	7	11	10	9	11
Hong Kong	17	20	18	19	20
London	11	11	9	10	8
Frankfurt	5	6	6	7	8
New York	7	7	3	1	8
L. Angeles	15	16	18	21	24
Milan	9	10	12	7	7
Paris	11	11	7	10	10
Zurich	8	8	8	6	7

Maximum temperatures in Celsius
Information supplied by Meteo Consult of the Netherlands

JOGGERS' GUIDE: Tokyo



Routes for crowd-lover and loner

Charles Leadbeater on a city not built for athletes

Tokyo is a joggers' nightmare. Parks are few and far between, often dusty and invariably crowded. Pavements are rare outside the centre. In the summer the city is so hot and humid it is often uncomfortable to walk, let alone run.

Yet finding places to jog or walk is not impossible: it just requires more effort than in many other cities:

● The most popular jogging route is in the centre: a 5km circuit, with a shorter variant. The route is along a pavement around the moat that surrounds the Imperial Palace.

It is within walking distance of many top business hotels, such as the Imperial and the Palace, or via Hibiya station on the green Chiyoda subway line. Often crowded in the mornings, most of the route runs parallel to a six-lane highway.

● Further along the Chiyoda line towards Shinjuku, the best park to run in is Yoyogi Park in Harajuku, the largest in Tokyo (get off at the Harajuku stop on the Chiyoda line).

One of the big attractions at the weekend is the variety of Japanese lifestyles on display, from exotic punks to families in formal kimonos attending the nearby Meiji shrine.

● The more adventurous might want to go further afield. A favourite spot for walking on a Sunday night is the docks at Shinagawa: ask a taxi driver to take you to the Shinagawa Futo Wharf. As Japan is such a law-abiding place, the area is neither patrolled by dogs nor enclosed by barbed-wire fences. People walk along the dock, a mile round-trip, simply by dipping under a chain.

The area is deserted. Cranes stretch out towards Yokohama and Tokyo bay as airliners land at Haneda airport. The best view of Tokyo as a city is framed beneath the newly opened Tokyo Bay bridge. In the height of summer the docks are one place where there can be cool breezes.

● Another favourite beat is along the tow path of the Tamagawa River, which is a 25-minute rail journey from the city centre.

Catch the purple Hanzomon line to Futako Tamagawaen. Then walk down the river towards the exclusive neighbourhood of Den en Chofu. The walk takes about an hour.

Architecture / **Colin Amery**

Pledge to move back to town

For the man in the street, or on the by-pass, the planning process, which has such an impact on our everyday lives, remains a great mystery. We all know that there is a complex, intrusive and defiantly bureaucratic planning system which, in theory, regulates the shape of our environment.

The system is meant to keep the planning process clean, decent and legal. It is also meant to reflect the democratic will of Parliament and, through the complex system of local democracy, reflect the will of the people.

But a glance at the condition of many of Britain's towns and villages shows that there are other, more powerful, forces at work: economic, political and market forces.

When Baroness Thatcher was prime minister she had regular private meetings with property developers, builders and retailers with the aim of simplifying and speeding up the planning process.

The result was the 1980s boom – the spread of by-passes and motorways and the over-supply of superstores and offices.

From 1986 to 1992, development was focused on out-of-town locations and as a result the traditional high street has been under tremendous pressure. As we park our cars outside the supermarket, there are lingering worries about the empty shops belonging to anxious traders in the smaller towns. The lower levels of consumer spending in the past few recessionary years have not helped and there is no doubt that competition from the shopping centres built in the 1980s has had a direct effect on the town they "serve".

One of the little known aspects of planning is the Planning Policy Guidance Notes. These notes, known as PPGs, which appear regularly as supplements to planning Acts and government circulars, set out government policy on different aspects of planning.

It was "PPG 6 Major Retail Development", issued in 1988, which seemed to set the seal of planning approval on the major out-of-town shopping developments. Now, in an almost complete volte-face, a revised version of the retail development guidance note has been issued, emphasising the need to revitalise town centres.

Many will feel that the new guidance is a belated reaction to the proliferation of new developments: the stable door is being closed long after the retail runners have galloped all over the kingdom.

The new guidance note does, however, offer a balanced view that would permit further out-of-town or edge-of-town retail development, providing it does not affect the vitality and trading viability of a town centre. There is an implied desire to encourage development that is accessible by more than one form of transport – after all, the 1991 Census revealed that 23.9 per cent of the nation's households do not have access to a car. Environmental considerations are also stressed with references to the the need to avoid increases in car-borne trips in an effort to reduce pollution and congestion.

Many will feel the new guidance is a belated reaction to the proliferation of new developments

Mr John Gummer, secretary of state for the environment, made a forthright and pointed speech at last week's seminar on planning and development control, organised by the Town and Country Planning Association.

He pledged his help to those who are willing to, "achieve the quality of traditional town centres which they value, and put the heart back into cities". Good urban design in town centres, he said "demands vitality in the urban property market".

Vitality flows from people's decisions to shop there. In turn that depends on a positive approach to planning and managing town centres.

It also means discouraging development on green-field sites on the edge of cities.

"Out-of-town shopping centres require people to travel by car. They deny the opportunity to make one journey serve several purposes. Business parks on the by-pass also demand that people drive to work; and having driven to work they have to drive out for their lunch, or to pick up a few items for their evening meal. Such developments are derisive – they deny access and choice to those without a car; they are both car-dependent uses."

Mr Gummer went on to say that we should learn to see the car as a servant not as the determinant of the way we build. When it comes to the future of town centres he was very clear: "I want to see town centres which serve the whole community and provide a focus for retail development where the proximity of competing businesses facilitates competition from which consumers benefit. I want to see town centres which contain variety and activity, and in which a whole series of different uses are encouraged.

"Such diversification of use can ensure that the economic activities reinforce each other, and make town centres more attractive to local residents, shoppers and visitors. I want to see a range of activities – entertainment,restaurants and cafes, health and educational activities.

"Towns need to be places where people choose to live, and work and enjoy themselves. I want to see us improve the quality of our towns so that we can reduce the pressures of urban sprawl and the development of green field sites."

These are stirring and appropriate words for the next decade. But are they in time to bring about the renaissance of our towns and the improvement in the quality of urban life that is so necessary?

Alastair Muir

Frank Gallagher as Salter and Jim Twaddale as McGee wrestle with the coalface politics

Roving singers offer new blend of recordings

Richard Fairman on a virtuoso display by an amateur choir

Presumably there still are amateur choirs up and down the country which pride themselves on singing unaccompanied choral music, but we do not hear much of them on recordings any more. The rise of the professional chamber choir – a striking feature of musical life in recent years – has put paid to that.

These new choirs are made up of roving freelance singers, who move from one group to another as and when they are needed. The singers know each other well and can re-group into perfectly-blended ensembles on demand. They are professionals in every sense, each with an accountant behind his or her shoulder.

Depending on the music being performed, about four of each voice make up a choir, the altos being women or men as preferred, sometimes a mix of each. The Sixteen, founded and directed by Harry Christophers, keeps close to that total, as its name implies. Its altos are all men, sweet-toned, but not often making their presence felt. Otherwise the choir's singing at the Queen Elizabeth Hall on Thursday was clean, accurate, expressive – professional in the best sense.

At its finest it gave a virtuoso display of what a choir like this can achieve. The re-issue of the original recordings of Benjamin Britten's unaccompanied choral works in the past year or two has been valuable as historic material, but how bumbling they sound by comparison, how delightfully amateur. Britten wrote brilliant music for choirs and a couple of Sunday afternoons in the church hall are not enough to get it right.

The Sixteen is engaged on recording all the composer's choral music, which means the singers have it on the tips of their tongues. The central section of the *Hymn to St. Cecilia* whisked past, a model of lightness, as each fugal entry chased after the one before. The late cycle of medieval lyrics, *Sacred and Profane*, is not among Britten's best work, but it sounds far more convincing when its close-packed dissonant harmonies are sorted out as clearly as they were here.

For this all-English programme Britten was paired with Purcell. Heard in close proximity, Purcell is revealed as the more ambitious in his response to the words. In just a few minutes the anthem "Blow up the trumpet in Sion" covers an enormous amount of ground, from brassy choral fanfares to mourning, to affirmation.

The Sixteen has all this well within their grasp, though Christophers moulds the music so suavely that his performances can sound over-cultivated. Solos from within the choir were confidently taken.

The Sixteen is sponsored by Quad Electroacoustics Ltd

Theatre / **Andrew St George**

A dip in the deep end

A new fringe theatre in London, The Bridewell, has opened at the St Bride Institute at Bride Lane, Fleet Street. It deserves to be a roaring success.

The auditorium is built over a disused Victorian swimming pool – around the walls is a raised wrought-iron gallery, and above, a glazed roof.

The pool was built in 1893, and was closed in 1972.

Last year, Carol Metcalf and her company, Breach of the Piece, staged *Much Ado About Nothing* in the shallow end of the pool, and the idea of a theatre emerged. After five months' work, £400,000 from the Institute and some non-invasive design by Lloyd Leroy Architects, the theatre opened.

The pool itself is now the orchestra pit.

The theatre's owners and governors, the St Bride Institute, are planning exhibitions and conferences in the space; the theatre's artistic director, the tireless Metcalf, can offer the theatre for a single early-evening after-work corporate show or a lunch-time revue (imagine how many people fit into a 25-metre swimming pool).

The schedule includes Sondheim's *Pacific Overtures* later this year, but the Bridewell has opened with Shakespeare.

Julius Caesar gave the world the "most unkindest cut of them all"; this has nothing to do with the Lorena Bobbitt case in Virginia, and everything to do with getting *Julius Caesar* down to two hours on stage with a small cast.

The result is more a recital than a play.

The essentials of *Julius Caesar* remain, although the actors need to relax much more and the action of the play needs to quicken.

The modern dress works well, particularly with video links to the battle scenes and studio speeches from Brutus and Mark Antony.

The shortened version of the play offers itself as Brutus' tragedy, the dilemma of a man torn between instinct and judgment: the part is well played by Clive Paget.

Caesar stays alive long enough to show he is worth killing, Cassius lurks hungrily throughout, and Casca (successfully cast as a woman) is blunt to a fault.

Elsewhere, the play depends so much on ceremony (this is where "standing on ceremony" comes from) and crowd scenes which are all sweaty nightcaps and foul breath, that a scaled-down version risks missing the scope and reach of Caesar's ambition.

In action, this theatre has great potential for large scenes and intimate moments. But in Caesar the actors occasionally traded lines like water-polo players tossing a long pass across the pool.

The lighting could also be more focused to divide up the big stage, and the music should be more martial.

Carol Metcalf directs.

But this is a sound start to what should be a fine new career for the converted swimming pool.

No jokes about Brutus' line: "Since Cassius first did whet me against Caesar I have not slept" – that would be too shallow a view of this deep play.

Bridewell Theatre (071 936 3456): in repertory with *The Merchant of Venice* until February 5

Classical music awards

The Classical Music Awards, the principal international prize-giving ceremony for classical music, were presented at the Royal Albert Hall in London on Friday night.

The 1993 winners were: Singer of the Year (Male) – Thomas Hampson: Singer (Female) – Cecilia Bartoli: Instrumentalist – Yuri Bashmet: Composition – Symphony No 4 by Lutoslawski: Orchestra – New York Philharmonic: Newcomer – Sarah Chang: Recording – Gorecki's Symphony No 3 (Nonesuch): Festival Concert Series – Tender is the North, Barbican, London: Chorus - Arnold Schoenberg Choir: Chamber Group – Kronos Quartet: Early Music Group – Orchestra of the 18th Century, Holland: Conductor – Valery Gergiev: Television Broadcast – The Vampyr, BBC: Opera Production – Oedipus Rex, Saito Kinen Festival, Japan: Personality of the Year – José Carreras.

The Awards are sponsored by Kenwood.

Antony Thorncroft

Theatre / **Malcolm Rutherford**

Dark and desperate down in the pit

The decline of the British coal industry is one of the most dramatic events in recent British history. Less than a decade ago, the National Union of Mineworkers could threaten to bring down a government, and sometimes succeed. The miners were regarded as the salt of the earth even by former conservative prime ministers: buying them off was a price worth paying. And when Margaret Thatcher stood up to the miners' strike in the mid-1980s, she was by no means certain the union would be defeated.

By now, there are only about 20,000 miners left and British Coal is on the verge of being privatised. Here is a play about the coal face, written from the inside. Mike Cullen's *The Cut* is the best first full-length work by a British dramatist for some considerable time. Not only does it break new ground in terms of subject, it also observes the classical virtue of confining the action to one place – namely the pit, some 3,000 feet underground.

There are only four characters, all miners. Daylight is never seen; the miners shy away from the surface as if it represents a reality not be faced. That does not mean that it is all solidarity. Politics underground are as intense as those above. Because of the location, designed at the Bush Theatre by Suzanne Fields, events are more dramatic.

Cullen was an electrician at a Scottish colliery before he turned playwright. His knowledge of the industry must be unsurpassed in the theatre, and the way he draws on it is one of the fascinations of the piece. *The Cut* is full of technical detail; without it, it would be a lesser play. To take a small example, an elderly miner (Sandy) is plainly suffering from pneumoconiosis; Cullen lets the coughing speak for itself.

The writer has borrowed one incident from the 1984-85 strike. In South Wales a concrete post was thrown from a motorway bridge on to a taxi taking a miner to work; the driver was killed. Cullen embroiders this into the wrong man being jailed for the offence, and another being killed because he was a witness.

For the rest, however, this is a tale of miners quarrelling with miners, of the most militant being the first to take the redundancy money when the strike is lost and others pushing for management jobs under privatisation. Hessel, the only really unpleasant character, has packed in the union because the only way to have clout is to act from the inside. By the end of the play, he is the new undermanager.

The plot is sometimes obscure, and not only because of the heavy Clydeside accents. There are masses of four letter words. But none of that is a defect. This is one of the few occasions where the swearing is a natural part of the language and not a substitute for thought. Being underground may have distorted the miners' intelligence; it has not necessarily diminished it.

The Cut is by Martin McCardie and performed by a relatively new Scottish company, Wiseguise Productions. It is a thriller because it takes some time before the full villainy of Kenneth Glenaan's Hessel emerges. Earlier one might suspect the equally excellent (but framed) Frank Gallagher as Salter. Jim Twaddale's McGee is one of those panicky characters inbetween.

Malcolm Rutherford Bush Theatre. (081) 743 3388

INTERNATIONAL ARTS GUIDE

■ BERLIN

OPERA/DANCE

Staatsoper unter den Linden Two Gluck operas - Alceste and Iphigénie en Tauride - are in repertory over the next month, in new productions staged by Achim Freyer and conducted by Thomas Hengelbrock. Casts include Anna Caterina Antonacci (Alceste), Carola Höhn (Iphigénie , Gino Quilico (Orest) and Keith Lewis (Pylades). Alceste opened last night and the premiere of Iphigénie is on Sat. Both are sung in French (200 4762/2035 4494)

Deutsche Oper Margaret Marshall and Marie McLaughlin head the cast in Le nozze di Figaro tomorrow and Thurs. This week's repertory also includes Rigoletto, Lohengrin and a Stravinsky ballet production with choreographies by Balanchine and Béjart (341 0249)

CONCERTS

Schauspielhaus Tonight: Iona Brown directs Academy of St Martin in the Fields in works by Bach, Shostakovich and Tchaikovsky. Tomorrow: Barbara Hendricks song recital. Thurs: Michael Schoenwandt conducts Berlin Symphony Orchestra in Handel, Stravinsky and Brahms, with piano soloist Deszö Ranki (2090 2156)

Philharmonie Tomorrow, Wed, Thurs: Bernard Haitink conducts Berlin Philharmonic Orchestra in Martinu's Oboe Concerto (Hansjörg Schellenberger) and Schubert's Eighth Symphony. Sat: Heinz Holliger conducts Ensemble Modern in Carter and Holliger. Sun, next Mon and Tues: Haitink conducts BPO in Mozart and Mahler, with violin soloist Frank Peter Zimmermann. Feb 12, 13: Claudio Abbado conducts Mahler's Eighth Symphony (2548 8132)

Komische Oper Thurs: Simone Young conducts orchestral works by Penderecki, Beethoven and Falla, with cello soloist Alexander Baillie (229 2555)

■ NEW YORK

THEATRE

● No Man's Land: Christopher Plummer and Jason Robards star in Harold Pinter's 1975 play, directed by David Jones. In previews (Roundabout, Broadway at 45th St, 869 8400)

● Angels in America: Tony Kushner's epic two-part drama - about religion, sex, Aids and corrupt politics - conjures a vision of America at the edge of disaster. Part one is Millenium Approaches, part two Perestroika, played on separate evenings (Walter Kerr, 219 West 48th St, 239 6200)

● Four Dogs and a Bone: John Patrick Shanley's comedy about movie-making and power plays in Hollywood was one of off-Broadway's biggest hits last autumn (Lucille Lortel, 121 Christopher St, 239 6200)

● Laughter on the 23rd Floor: Neil Simon's 27th Broadway play, about a group of writers trying to write a new show, is one of his finest comic efforts. Directed by Jerry Zaks (Richard Rodgers, 226 West 46th St, 307 4100)

● The Sisters Rosensweig: Wendy Wasserstein's play, a comedy with serious undertones, about the reunion in London of three American Jewish sisters (Ethel Barrymore, 243 West 47th St, 239 6200)

● Heartbreak House: Shaw's play alternates with Dostoyevsky's The Brothers Karamazov in a Jean Cocteau Repertory production (Bouwerie Lane, 330 Bowery at Bond St, 677 0060)

● She Loves Me: the 1963 Bock, Harnick and Masteroff musical is a delicate, unabashedly simple story with all the humanity, integrity and charm that Broadway's mega-musicals lack (Brooks Atkinson, 256 West 47th St, 307 4100)

OPERA/DANCE

Metropolitan Opera Tonight's performance is the first this season of Le nozze di Figaro, with Helen Donath, Ruth Ann Swenson, Dawn Upshaw and James Morris (in repertory till Feb 24). Alessandra Marc and Michael Sylvester head the cast in Aida tomorrow and Sat (in repertory till Feb 17). This week's performances also include Lucia di Lammermoor and Elektra. A new production of Britten's Death in Venice opens on Feb 7 (362 6000)

State Theater New York City Ballet's winter season runs daily except Mon till Feb 27, with matinee and evening performances on Sat and Sun. A new Peter Martins work is premiered on Feb 3. Darcey Bussell gives guest performances on Feb 9, 10, 12 and 16 (870 5570)

Joyce Theater Erick Hawkins Dance Company is in residence this week. Feb 1-6: Elisa Monte Dance Company. Feb 8-13: Lucinda Childs Dance Company (242 0800)

CONCERTS

Avery Fisher Hall Tomorrow's New York Philharmonic concert, conducted by Neeme Järvi, includes works by Langgaard, Bruch and Sibelius. On Thurs, Fri afternoon, Sat and next Tues, Kurt Masur continues the tradition of featuring members of the orchestra as soloists, with a programme including Bach's Second Brandenburg Concerto and world premiere of Ned Rorem's English Horn Concerto. Feb 10: world premiere of Schnittke's Eighth Symphony. Feb 13: Mirella Freni and Nicolai Ghiaurov (875 5030)

Carnegie Hall Feb 1 and 3: Zubin Mehta conducts Israel Philharmonic. Feb 2: Vladimir Spivakov and Moscow Virtuosi. Feb 4: Dresden Philharmonic. Feb 6: Rostropovich conducts National Symphony Orchestra. Feb 7: Minnesota Orchestra. Feb 18: Ozawa and the Boston Symphony (247 7800)

JAZZ/CABARET

● Eartha Kitt begins an engagement tomorrow at Carlyle Hotel (Madison Ave at 76th St, 744 1600)

● Jose Feliciano begins an engagement tomorrow at the Blue Note (131 West 3rd St, 475 8592)

● Singer Gail Wynters and the Bill Charlap Trio are in residence at Michael's Pub for an open-ended run. Woody Allen continues playing clarinet on Mon evenings. Closed Sun (211 East 55th St, 758 2272)

● The Brazilian season at the Ballroom continues this week with Angela Ro Ro (253 West 28th St, 244 3005)

● Weslia Whitfield, one of the most assured jazz-cabaret voices to grace New York in recent years, is currently at work in the Oak Room of Algonquin Hotel (59 West 44th St, 840 6800)

● This week's programme at The Café is dominated by Holly Cole Trio, whose latest album Don't Smoke in Bed has helped spread the charms of Cole's versatile voice (380 Lafayette St, 533 7000)

■ PARIS

OPERA/DANCE

Opéra Bastille Tonight, Thurs, Sat, next Mon and Wed: Bernhard Kontarsky conducts Harry Kupfer's 1987 Stuttgart production of B.A. Zimmermann's Die Soldaten, with Lisa Saffer, Franz Mazura and Helga Dernesch. Tomorrow: Cornelia Kallisch song recital. Feb 5: Myung-Whun Chung conducts first night of André Engel's new production of Salome (4473 1300)

Palais Garnier Tomorrow, Wed, Thurs, Fri: Ballet de l'Opéra de Paris in John Neumeier's production of Nutcracker. Feb 9-28: Nijinska triple bill (4742 5371)

CONCERTS

Châtelet Tonight: Pierre Boulez conducts Ensemble InterContemporain in works by Philippe Manoury and Boulez. Sun morning: Abdel Rahman El Bacha continues his cycle of Beethoven piano sonatas. Next Mon: Felicity Lott sings Strauss Lieder (4028 2840)

Salle Pleyel Wed, Thurs: Djansug Kakhidze conducts Orchestre de Paris in works by Weber, Sibelius and Rakhmaninov, with violin soloist Maxim Vengerov (4561 0630)

Théâtre de la Ville Sat: Deszö Ranki and Edit Klukon play piano music for four hands by Debussy and Ravel. Feb 4, 5: Zoltan Kocsis (4274 2277)

Théâtre des Champs-Elysées Next Mon: Yevgeny Kissin piano recital (4952 5050)

JAZZ/CABARET

Legendary blues guitarist Little Milton heads the bill for the next two weeks at Lionel Hampton Jazz Club, with a supporting act including Joe McKinney, Lynnie Love, Tony Brown and the All Star Orchestra (Hotel Meridien Paris Etoile, 81 Boulevard Gouvion St Cyr, tel 4068 3042)

THEATRE

● Nora: Austrian playwright Elfriede Jelinek picks up the story of Ibsen's heroine in The Doll's House after she slams the door on marital dependency. Valérie Dreville takes the title role, Claudia Stavisky directs. Daily except Mon till Feb 20 at Théâtre de la Colline (4462 5252)

● The Winter's Tale: Stéphane Braunschweig's Shakespeare production was much praised when it was first staged in Orleans last autumn. Daily except Mon till Feb 6 at Théâtre de Gennevilliers (4793 2630)

● Children of the Sun: Maxim Gorki's pre-revolutionary drama (1905) is directed by Luis Pasqual at Odeon-Théâtre de l'Europe. Daily except Mon till Feb 27 (4441 3636)

ARTS GUIDE

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It's the business cycle, stupid

MICHAEL PROWSE on AMERICA

The slogan "It's the economy, stupid" is indelibly associated with Bill Clinton's 1992 presidential campaign. Yet although it made good sense then to focus attention on immediate ills, such as high unemployment, such an *approach is now a political liability*. The relevant question today is not the vitality of the recovery (that can be taken for granted, arctic weather and earthquakes notwithstanding), but where the US stands in that constant of economic life: the business cycle.

How mature is this cycle? When will the economy run out of capacity and begin to face inflationary pressures? The question seems daft until you recall that the US will shortly enter its fourth year of relatively robust growth. Given *that the preceding recession* was mild, it is not safe to bet that the economy will still be strong when the New Hampshire primaries open in two years.

Some deceleration from the 6 per cent annualised growth of the fourth quarter seems assured. But given the accumulated *momentum*, growth may level off at 3.5-4.0 per cent. Paradoxically, such strength poses risks, warns Mr William Brown, chief economist at J.P. Morgan, the New York bank. Calculations by the Federal *Reserve and others indicate* the economy's long-run potential rate of growth is only 2.0-2.5 per cent. Excess capacity is thus disappearing rapidly: the rate of capacity utilisation in manufacturing industry is already close to the 83 per cent level previously associated with rising inflation.

And the US labour market is entering the inflation danger zone. Allowing for demographic trends, Mr Brown reckons a jobless rate (on the current definition) of about 5.75 per cent constitutes "full employment" in the sense that any further reduction in unemployment would cause accelerating inflation, and thus be unsustainable. The jobless rate has plunged 1.5 percentage points to 6.4 per cent in just 18 months. At this rate of decline, the US will hit full employment in about nine months.

Once cyclical expansions really get going, they are hard to control. If the Fed is to prevent inflation rising, it may thus have to tighten policy quite aggressively. Against conventional wisdom, Mr Brown predicts that Mr Alan Greenspan, chairman of the Fed, will raise short-term interest rates, *currently 3 per cent*, by a quarter point before delivering his Humphrey-Hawkins congressional testimony in late February. (The conventional wisdom is that rates will not be raised until March or possibly even mid-year.)

Thereafter the squeeze will have to intensify: by the end of this year short rates will be 4.5 per cent, rising to 5.5 per cent late in 1995. This sounds draconian. Yet although an increase of 2.5 percentage points would probably put a large dent in equity and bond prices, it *would hardly be tough by historical standards*. In the past six business cycles, short rates have risen by an average of 5.7 percentage points; even if one ignores the inflation-prone 1970s, the average increase was 3.8 percentage points.

The J.P. Morgan analysis, however, is only as good as its *assumptions. Some Wall Street* economists – for example Mr Bruce Steinberg at investment house Merrill Lynch – believe industrial capacity is growing much faster than official figures imply. He also rejects conventional estimates of long-run potential growth on the grounds that corporate restructuring has raised US productivity growth.

In his view, productivity is rising at about 1.75 per cent a year against just under 1 per cent in the 1980s. Since the labour force is growing at about 1.25 per cent, this means the potential growth rate is now about 3 per cent. There is thus more slack in the economy than conventional estimates suggest.

One might add that standard measures of inflationary pressure could be equally misleading. Most experts (including *the Fed) agree that the consumer* price index overstates inflation, which is actually nearer to 2 per cent than the measured 2.7 per cent. Anxieties provoked by corporate "downsizing" and record levels of white-collar unemployment may also mean that the jobless rate consistent with stable inflation has fallen. At any rate it is hard to believe that many employees will be bold enough to start aggressively demanding higher pay in the near future.

It is thus possible that the *current upswing could persist* for several more years without generating much inflation. The economic landscape is changing in fundamental ways. The economic rise of east Asia and the adoption of market principles in much of the developing world – as well as some formerly communist countries – represents an historic extension of the global market; more intense competition should exert downward pressure on inflation in mature economies, such as the US.

Yet as Mr Brown points out, *the extraordinary divergence* in business operating rates in the US and Europe in recent years suggests that national economies are less integrated than many suspect. In particular, service sectors (two-thirds of most economies) are largely insulated from foreign competition. You cannot therefore *assume that excess capacity* in trading partners – or competition from the likes of China and Mexico – will prevent the US economy from overheating.

Since monetary policy operates with long and variable lags, the prudent course *is* surely for the Fed to tighten policy quickly and then debate the existence of a "new economic order". Taking the medicine early also makes political sense. Mr Clinton would surely prefer a modest firming of rates this year to a monetary crunch while campaigning in 1996.

The gas meter cometh . . .

Metering plans will be crucial to liberalising the UK gas market, say **David Lascelles** and **Robert Corzine**

In recent weeks, the gasman has been calling on 1,000 homes in Edmonton, north London, to fit a little electronic gadget to their gas meters. It is the first practical step in the revolution which faces the UK domestic gas market following the *decision by Mr Michael Heseltine*, the trade and industry secretary, to abolish the monopoly enjoyed by British Gas.

The gadgets read the meters every six hours and transmit the information by radio to a nearby receiver from where it is be piped into British Gas computers. The company can *thus monitor gas consumption* four times a day rather than, as before, through the three-monthly meter readings.

The gadgets are part of an experiment by British Gas to improve its management of the UK gas system and cut the cost of reading meters. But they could help pave the way to the competitive market which Mr Heseltine wants to develop later this decade. The changes will be pioneering insofar as no leading industrial country has ever tried to liberalise gas sales to the extent planned in the UK.

The intention is that, after 1998, every household in the country should be free to buy its gas from as many as half a dozen competing companies. Although households will continue to receive their gas through the same pipes as before (these will still be owned and operated by British Gas), their supplier will be responsible for injecting enough gas into the system to meet its customers' demands. The supplier will therefore have to keep close tabs on its *customers' consumption*.

One way this could be achieved would be by attaching the Edmonton gadgets to customers' meters. These are made by Motorola, the US electronics company, and cost about £10 each, including installation.

However, British Gas has *also been trying to develop* a new generation of meter, which incorporates more sophisticated metering techniques as well as the reading and transmission capability. Last month it launched a venture with *Gill Electronic*, a tiny high technology company which won a contest held by British Gas to design a meter for the 21st century. One of the main specifications was that it should be no bigger than a building brick.

Mr Mike Gill, the founder of Gill Electronic, expects his company to be producing the meters at a rate of about 100,000 a year within 18 months. "This new technology will bring dramatic changes to the metering industry," he says.

He declines to say how the new meters will be priced, but British Gas has indicated that they should cost about the same as standard meters, or about £50 each.

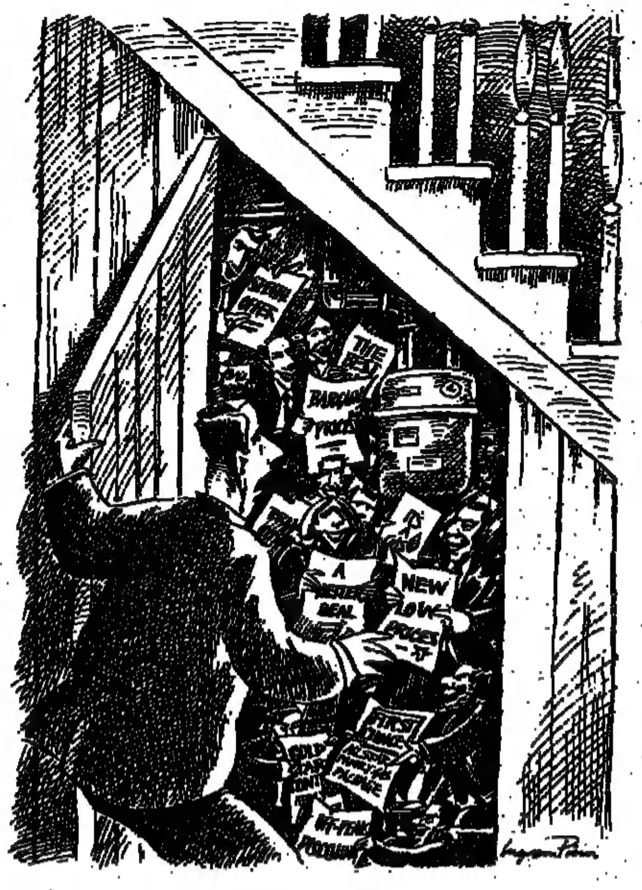
One big – and so far unanswered – question, though, is who should pay to have the new meters installed? With potentially 18m households involved, the cost could be immense. Moreover, are the meters even necessary for the free market to operate?

These questions are a big worry for the independent gas suppliers that want to break into the domestic market. Their concern is that householders will think they have to go through the cost and inconvenience of *installing a new* meter if they want to change suppliers. This impression might be reinforced by the fact that people initially had to buy new telephones if they wanted to use Mercury, the independent competitor to British Telecom. This could lead to powerful consumer resistance *which could block gas market* reform.

Mr Mark Petterson, general manager of Total Gas Marketing and chairman of one of the industry groups looking at free market issues, says: "There is not a need for new meters." He argues that daily balancing of demand and supply in the gas network can be done by a process known as "deeming".

Every household which opted for a new supplier would be "deemed" to use a specified amount of gas based on its previous five-year record, and the independent gas supplier would pipe enough gas into the system to meet the deemed demand. If there was a surplus or shortfall, this would be corrected between the supplier and British Gas periodically when the meter was read.

But this is not the way British Gas sees it. The company is worried that it would have to "back stop" the market by making up for any temporary shortfall in supply, even though it could impose penalty charges on suppliers that fail to supply enough gas.



Mr Nick White, a director of Arthur D Little, the consultancy firm which is advising British Gas on the transition to a free market, believes the only equitable way to balance the system is to install automatic metering equipment in all *households. He says that* "deeming" will prove too imprecise and will lead to arguments between suppliers. These arguments could be fierce because the UK operates a tight supply system, with only two big storage areas to provide flexibility.

Homes may use one gas supplier by day but another offering cheaper rates at night

Mr White says that small suppliers, which are likely to operate on thin margins, could face large penalty charges if deeming is not sufficiently accurate to ensure they supply enough gas. In some *cases* these penalties might be enough to lead to a company having to withdraw from the market.

Sophisticated meters would also be necessary if the market was to evolve to the point where an individual household could buy gas from several *different suppliers. A customer* might use one supplier in the day time, but switch to another in the evening because it was *offering better peak-time rates*. If so, the meter would have to distinguish between use at *different times of the day*, probably based on four-hourly time blocks.

At an even higher level of sophistication, a combined gas and electricity meter could be programmed to calculate which source of power gave the best value at any given moment, and switch the *home-heating system accordingly*.

Since many of the new gas suppliers will be joint ventures between independent gas companies and local electricity companies, the scope for joint metering – and meter reading – will be considerable. "It's early days yet, and a lot of *thought has to go into this*," says Mr Peter Bryant, deputy chairman of United Gas, which has links with several electricity companies. However, he does not think that new meters will be an issue in the early days of the new market. "May be by 2000," he says.

Many of the issues to do with the actual operation of the new gas market will be set out in a new Network Code, which will be debated between the gas industry and Ms Clare Spottiswoode, the new head of Ofgas, the gas industry regulator, over the coming months.

With her strong penchant for competition, Ms Spottiswoode is not expected to insist on issues such as metering if they obstruct the free market.

But she realises that metering also raises *fundamental* issues of competition which must be cleared up before a liberalised market is introduced. In a speech last week she noted that the ownership of meters and the right to read them could convey a commercial advantage to the companies involved.

Another concern is that gas suppliers might use meters as a way of "locking in" customers and keeping out competition. Last month, Mr Gregor McGregor, director of strategic development at Ofgas, put out *a consultation paper which* foresaw the market developing with both daily and non-daily metering.

But ultimately, it will depend on how eagerly consumers embrace the novel idea of leaving British Gas for new suppliers. The independent gas companies will be setting out to woo them *shortly*.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL
Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

UK caught between two systems

From Ms Sarah Atkin.

Sir, In response to Joe Rogaly's excellent piece ("It *is* a *moral issue*", *January 18*) I would like to add the following points.

If we now lack national self confidence and self-belief it is because, as a society, we are fragmented and caught between two conflicting value systems: modern capitalism and the monarchical state. What we have ended up with after 14 years of single-party rule is the worst of all worlds: capitalism's downside – low wages, poor skills, a crumbling infrastructure and vast extremities of wealth – operating within a constitutional settlement that serves the interests of an elite, is open to political interference and inappropriate to the needs of a late-20th century democracy.

The national malaise is therefore more than simply a disenchantment with politicians. If our institutions are *deficient* then the need for far-reaching reform is long overdue. A new constitutional settlement would not solve all our ills at a stroke but it would begin to create a culture of citizenship and give us some sense of common purpose and shared identity.

Sarah Atkin,
11 Avenell Road,
London N5 1DP

Premium fuss

From Mr Bill McMillan.

Sir, I recently travelled from Gatwick to London Victoria on a premium-priced Gatwick Express Capital Card ticket. As I was later in the London Bridge area it made sense to return from there, I thought.

The ticket collector on the train, however, said I had no right to do so. My ticket was not valid on the ordinary (cheaper) train. After much fuss – and no doubt observing my advanced age and strong protest – he said he would let me off this time. Is this, in fact, the privatisation of BR in advance? Is it a taste of confusion and battles to come?

Bill McMillan,
36 Hill House Close,
Turners Hill,
West Sussex

Reforms have taken Mexico a long way

From Mr Mark Phillips.

Sir, In your editorial, "Strife in Mexico" (January 20), you fail to mention that without *the Salinas administration's* reforms, long-term financial stability and, therefore, lower-cost, long-term financings would be further unattainable for the population than they are today. Only in the past several years has a 15-year business loan or mortgage been conceivable for any but a small fraction of the population.

With or without democratic *reform these measures*, secured by international treaties, will go a long way to enabling the people in Mexico to put food on their own tables.

Mark Phillips,
200 West 15th Street, Apt 3C,
New York, NY 10011, US

No need to shout

From Mr J Michael Phillips.

Sir, I don't object to people who use mobile telephones to call from trains ("Impolite in the pub but fine on the train", *January 30*) – *just those who* are too stupid to realise it is unnecessary to shout over the intervening distance as well.

J Michael Phillips,
Longstone House,
Mill Lane, Chetnole,
Sherborne, Dorset DT9 6PB

Performance pay and bargaining rights

From Mr Mike Clancy.

Sir, Your article, "Power workers accept merit pay" (January 15/16), requires clarification. The new agreement for professional and supervisory staff in Eastern Electricity covers a package of terms and conditions, including the introduction of performance-related pay (PRP). However, the statement that the trade union's acceptance of PRP ends our participation in pay bargaining *for this group does not reflect* the terms of the agreement.

Performance appraisal categories will determine precise individual increases, but the product of the trade union's negotiations will be paid as a minimum to individuals who meet or exceed targets. In addition, we have secured the right to represent members over objective setting and their *year-end appraisal rating*. Indeed, the new scheme does not go into full effect until 1996; this provides a phasing-in period negotiated by the trade unions due to our reservations about the efficiency of PRP as a method of rewarding and motivating professional staff.

It is important that the impression given by the article is corrected, as too often trade unions are portrayed as unable to come to terms with PRP. We have successfully combined the protection of collective pay negotiations with rewards for individual achievement in the PRP system. There is nothing in this acceptance of PRP that is incompatible with strong trade union representation into the future.

Mike Clancy,
area secretary,
Engineers' and Managers' Association,
Flaxman House,
Gogmore Lane,
Chertsey,
Surrey KT16 9JS

Rethink building allowance 'defect'

From Mr David Daws.

Sir, In a press release of January 13, the government announced that it proposes to introduce legislation to "rectify a defect" in the legislation relating to the allowances attaching to commercial buildings in enterprise zones and industrial buildings elsewhere.

The supposed "defect" is that the owner of such a building who becomes entitled to capital allowances may dispose of a valuable interest in the property, through a long lease, without a clawback of capital allowances. However, to anyone with a modicum of financial awareness, that supposed defect is not a defect at all. Additionally, the fact that investors in such buildings are able to make such a disposal was specifically recognised by legislation enacted in 1978 (Section 37 of the Finance Act 1978).

The enterprise-zone allowance is a government subsidy *given through tax shelter*. It is, perhaps, ironic that such a subsidy is very often useless to a person who may wish to occupy a building constructed in an enterprise zone. They rarely pay full rates of corporation tax. The market, however, provided an answer. A whole industry has grown up around *making efficient use of tax* allowances but this does not comprise a raid on the Treasury. The arrangements simply ensure that the benefits granted by government are utilised to subsidise the cost of construction of enterprise zone buildings. This has a two-fold effect.

First, it means that a building is constructed where otherwise it would not be. In other words, investors may take a risk where the cost is tax subsidised. Second, it means that rents, or premiums on long leases, paid by occupiers are reduced. After all, rents, or premiums, are the *method* by which investors recoup their investment. Lower investment costs mean lower rents or premiums.

Any amendment of the sort announced will not itself stop investments based on enterprise zone or industrial buildings allowances. It will, however, make some form of financing more difficult to structure, meaning that lawyers, accountants and bankers will charge *higher fees*. The proposed amendment was announced by Stephen Dorrell, financial secretary to the Treasury but I instinctively feel that this is not his "bright" idea.

No matter who thought it up, I would urge the government to think again.

David Daws,
tax partner,
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FINANCIAL TIMES
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Monday January 24 1994

Tokyo: time to compromise

When Mr Morihiro Hosokawa became Japan's prime minister last summer, ending 38 [illegible] unbroken rule by the Liberal Democratic party, he rightly identified [illegible] of [illegible] country's corrupt and antiquated political system as his coalition's principal task. By [illegible] yardstick, the [illegible] of his [illegible] reform proposals in the upper [illegible] parliament on Fri[illegible] represents [illegible] setback. It has undermined, perhaps fatally, the government's [illegible] and credibility [illegible] the main [illegible] brought [illegible] to [illegible].

[illegible] leaves Japan flounder[illegible] leadership in the face of the most serious economic [illegible] the [illegible] world war [illegible] time of [illegible] over [illegible]. Vital decisions on stimulating [illegible] deregulating [illegible] are being held hostage by the row over reform. Unless it is swiftly resolved, [illegible] confidence will take a further battering and, as Mr Lloyd Bentsen, US treasury secretary, made clear in Tokyo yesterday, Japan's international [illegible] will multiply.

That things have come [illegible] not Mr [illegible] fault. His reform bill [illegible] the potential to [illegible] Japanese politics cleaner and more transparent by replacing the current multi-seat constitu[illegible] system [illegible] a mixture [illegible]gle-seat [illegible] and proportional representation, [illegible] had [illegible] endorsed by [illegible] parliament [illegible] months [illegible]. Friday's failure reflects [illegible] the fissiparous [illegible] seven-party coalition, and in particular the implosion [illegible] largest component, [illegible] party, 17 of whose [illegible] crossed [illegible] floor to vote [illegible] opposition LDP. Mr Hosokawa is now in the *ironic position of relying on the* power brokers [illegible] the LDP itself – the only party which can assure him of [illegible] majority – to salvage at least part of his plan.

Important change

Painful as it may be for the prime minister, a compromise between the government and the LDP [illegible] political reform is both [illegible] the current parliamentary [illegible] Saturday. [illegible] compromise is [illegible] impossible, [illegible] the LDP has proposals of its [illegible]. Although they dilute Mr Hoso[illegible] plan [illegible] various [illegible] calcu[illegible] benefit the LDP, they [illegible] important change – [illegible] to single-seat constituencies, which [illegible] competition between parties on policy grounds rather than encouraging individual politicians from the same party to buy [illegible] with [illegible] at present.

Stagnant economy

It is not just on the [illegible] system, however, that [illegible] government and the LDP need to reach [illegible]. The stagnant state of the [illegible] is, if anything, a [illegible] pressing [illegible] concerted action. In spite [illegible] repeated promises [illegible] an economic stimulus package in recent months, Mr [illegible] to deliver, and his [illegible] likely [illegible] on such [illegible] a cut [illegible] nor Japan's trading partners can tolerate [illegible] delay. Here, too, the [illegible] statesmanship [illegible] recognise their self-interest in lending [illegible] Hoso[illegible] a helping [illegible].

There will be those in the LDP who, for ideological or electoral reasons, [illegible] co-operation. [illegible] alternative – [illegible] early [illegible] under [illegible] unreformed [illegible] system – would hardly [illegible] a useful purpose. Voters outraged by the politicians' failure [illegible] political or economic reform would [illegible] likely deliver [illegible] simply prolong [illegible] political and economic [illegible], preside [illegible] further deterioration [illegible] Japan's relations with [illegible] US, its [illegible] important partner, and deepen popular mistrust [illegible] political class.

Mr [illegible] be a transitional figure in [illegible] situation of unprecedented political fluidity. But the fact that he is one of the few politicians [illegible] whom the general public [illegible] does not apply shows that his declared goals of political reform and [illegible]nomic deregulation are in tune with the desires of the electorate, as well as with the demands of Japan's international partners. From them and from his political rivals, he deserves support in managing an orderly [illegible] to the [illegible] all but inevitable in [illegible] months.

Anglo-Irish co-operation

The Anglo-Irish strategy for bringing [illegible] to northern Ireland has not yet brought about [illegible] ceasefire, but that is no reason to abandon it. [illegible] *shortly* before Christmas over the signatures [illegible] both Mr John Major, the British prime minister, [illegible] Mr Albert Reynolds, his Irish counterpart, its great strength is that it is [illegible] joint enterprise. This confers a political advantage that the terrorists cannot match. *It puts London and* Dublin unequivocally on the same [illegible] in promoting the use [illegible] the democratic [illegible] legitimate means [illegible] solving [illegible] problem [illegible] living together on one island.

In contrast [illegible] perpetrators [illegible] violence [illegible] divided. The Irish Republican Army is evidently unwilling to stop its murderous campaign. Perhaps it is unable to do so, for fear of provoking self-destructive in-fighting. Mr Gerry Adams, the president of Sinn Fein, the political wing of the IRA, speaks of an opportunity for peace, but has not shown himself capable of delivering a ceasefire. Instead he has ducked and weaved, talking of time for consideration, asking for clarification, trying to shift the blame for the violence to the British – in short, playing for time and appealing to a wide [illegible] public opinion.

'Unionist veto'

Mr [illegible] argument, and in particular his insistent objection [illegible] what he calls the "Unionist veto" [illegible] future pan-Irish settlement, was demolished by Mr Reynolds on Thursday night. In an important speech, the Tao[illegible] recalled [illegible] UN charter, the Helsinki Final Act, the UN declaration on principles [illegible] international [illegible] South [illegible] acknowledgement [illegible] reunification with North Korea should not [illegible] sought by violent [illegible]. All [illegible] authorities, plus Irish history, were invoked in sup[illegible] contention that "the people of northern Ireland [illegible] the right [illegible] determine by [illegible] majority whether they wish [illegible] stay with Britain [illegible] join [illegible] sovereign united [illegible] agreed Ireland".

The Irish prime minister noted that [illegible] joint [illegible] with Mr Major [illegible] recognised the right [illegible] of the [illegible]ist – that is, Catholic – community in the north. [illegible] a united Ireland could not be achieved by either political [illegible] military force, only by persuasion. "Accordingly, [illegible] not merely [illegible] moral justification, [illegible] no coherent ideological basis [illegible] a continuation [illegible] armed struggle," he said.

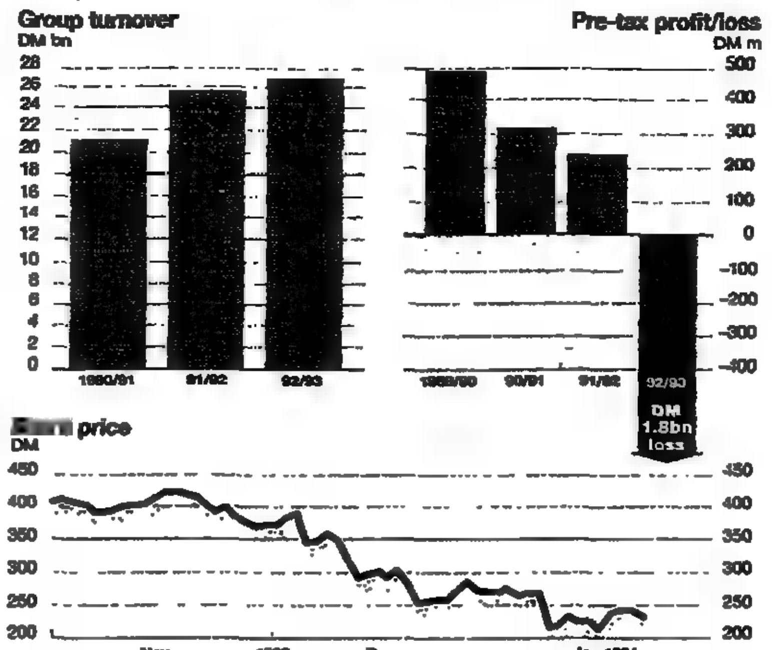
IRA isolated

Given time, the persistent demonstration that [illegible] *cannot* justify its attacks, [illegible] people in [illegible] own natural constituency, will [illegible] it, both within [illegible] troubled [illegible] internationally. The speech by [illegible] north[illegible] Ireland Secretary, Sir [illegible] Mayhew, on Thursday night pursued a similar objective. *Rejecting* negotiations with Sinn Fein [illegible] violence continued, Sir Patrick [illegible] "clarification" [illegible] nationalist party could [illegible] brought into the political [illegible] use [illegible] arms was renounced. [illegible] thus showed that Britain might [illegible], *without abandoning* [illegible] principle that [illegible] must precede serious [illegible]. Mr Major's [illegible] reply [illegible] a letter from Mr [illegible] the same vein. This [illegible] strategy, and the [illegible] Anglo-Irish concordance, would [illegible] enhanced by [illegible] the ban *on* [illegible] *use of* [illegible] *voices* [illegible] British radio and TV, following the lifting [illegible] restrictions by Dublin.

No-one can [illegible] with confi[illegible] that this approach will [illegible] IRA [illegible]. The UK [illegible] nevertheless proceed [illegible] on new constitutional arrangements for Ulster, while taking [illegible] to keep Dublin on [illegible] at every step. [illegible] well placed to ask for [illegible] Reynolds' wholehearted support for and co-opera[illegible] with security [illegible] to whatever [illegible] occurs. [illegible] Irish [illegible] at [illegible] published [illegible] bill that [illegible] legal loopholes in extradition pro[illegible]. It can [illegible] longer plausibly defend the possession [illegible] certain explosives and [illegible] political [illegible] which extradition would [illegible] apply. Likewise, if further security measures, [illegible] draconian [illegible] as internment, [illegible] to [illegible] considered, Britain and Ireland should act in unison. Whatever [illegible] next, the alliance [illegible] powerful enemy [illegible] faced.

Metallgesellschaft's ills highlight the failings of Germany's system of corporate governance, writes **David Waller**

A giant burnt by hot metal




Heinz [illegible]

On [illegible] evening of Saturday *December 4*, [illegible] industrialists gathered [illegible] the home of [illegible] Karl Otto [illegible] former president of the Bundesbank, in [illegible] of Kronberg just outside [illegible].

The party was [illegible] celebrate Mr Pöhl's [illegible] birthday, [illegible] turned sombre when Mr Hilmar Kopper, the [illegible] of Deut[illegible] Bank, mentioned [illegible] guests [illegible] all was not [illegible] with Metallgesellschaft, Germany's 14th-biggest industrial company.

The day before [illegible] party, [illegible] Heinz Schimmelbusch, [illegible] Austrian who [illegible] then Metallgesellschaft's [illegible] executive, [illegible] visited [illegible]sche [illegible] with [illegible] request [illegible] to [illegible] mounting liquidity problems [illegible] Corp, [illegible] company's [illegible] trading subsidiary.

[illegible] *weekend*, officials from [illegible] Bank [illegible] Dresdner Bank, the [illegible] biggest banks [illegible] Germany and [illegible] shareholders in Metallgesellschaft, put together DM1.5bn (£580m) [illegible] emergency funds to [illegible] mounting cash-calls triggered by [illegible] Corp's speculative trading in [illegible] derivatives.

"A technical problem," [illegible] Kopper [illegible] liquidity [illegible] days later.

This original [illegible] proved an understatement. [illegible] weeks, Mr Schimmelbusch had been sacked, together with [illegible] director, [illegible] four other [illegible] bers [illegible] left. Metallgesellschaft [illegible] for [illegible] year [illegible] end of September [illegible] and said [illegible] may lose at least DM1.5bn from [illegible] exposure in oil-futures markets. This brought [illegible] the brink of collapse. [illegible] recently agreed [illegible] fund [illegible] package for [illegible] Frankfurt-based metals, mining [illegible] conglomerate.

A corporate implosion of [illegible] scale is rare in Germany. Not since the AEG electricals group [illegible] bankrupt in 1982 has so large [illegible] German [illegible] so close [illegible] the edge. "The [illegible] thing [illegible] shock," said [illegible] last week. "Everybody [illegible] asking how [illegible] could happen."

[illegible] affair, afflicting [illegible] company with annual [illegible] of [illegible] and 58,000 employees [illegible] not merely embarrassing. [illegible] has prompted [illegible] unusual degree of soul-searching [illegible] senior German bankers and [illegible] confronted [illegible] public demonstration of their [illegible] failings.

The story [illegible] company's debacle [illegible] complex tale of one man's *personality* [illegible] *the inadequacies of* Germany's system of corporate governance. At [illegible] centre is [illegible] Schimmelbusch, [illegible] Jesuit-educated businessman [illegible] could deflect criticism from older [illegible] the same [illegible] that [illegible] could charm the foreign financial community. His command of English [illegible] him [illegible] favourite with Anglo-American financiers, *few of* [illegible] remained unpersuaded by his rhetoric.

[illegible] he [illegible] job of [illegible] executive of Metallgesellschaft in [illegible] after 15 years [illegible] the company, he was regarded as just the man to inject [illegible] new lease of life into what had become a dull operation. "He [illegible] who could at last get things done," said a senior Frankfurt fund manager.

He quickly embarked on a bold diversification strategy which took the [illegible] its [illegible] core businesses of mining and metals [illegible] areas [illegible] environmental technology. The strategy led to an explosion of sales until 1992. But his acquisition [illegible] to deliver the immunity [illegible] old cyclical businesses which it was designed to achieve.

Metals prices fell, triggered by cheap imports from the former Soviet bloc after the end of the cold war. Losses of DM124m in 1991-92 at *Kolbenschmidt, the car components* subsidiary, and of DM290m for the same period at Schiess, the machine tools [illegible], compounded heavy losses from metals smelting [illegible] mining. [illegible] in modernising the group's smelting [illegible] compounded [illegible] misguided strategy. As a result, profits tumbled, debts mushroomed (the group owes [illegible] than [illegible] evaporated.

[illegible] generate revenues Mr [illegible] aggressively promoted MG Corp's risky [illegible] activities in the US. The volume of oil which [illegible] Corp contracted [illegible] deliver [illegible] long-term basis [illegible] to have [illegible] ten[illegible] to nearly [illegible] during [illegible] year.

[illegible] a gamble which failed when [illegible] price turned down, leaving [illegible] hedging strategy exposed [illegible] inadequate. "[illegible] a juggler [illegible] to keep bringing [illegible] keep [illegible] public happy," [illegible] a banker.

Mr Schimmelbusch's *ability* [illegible] keep [illegible] going almost until [illegible] minute – barely [illegible] his [illegible] his [illegible] as [illegible] executive [illegible] renewed for another five years – highlights at [illegible] important [illegible] of control.

The first is [illegible] Metallgesell*schaft's financial control systems* failed [illegible] avert [illegible] Corp's adven[illegible] in [illegible] oil-futures market, or to provide any indications of problems until [illegible] too late.

This is not solely [illegible] internal issue. As [illegible] Tyll Necker, president of the BDI, the Federation of German Industry, remarked last week, increasing numbers of German industrial companies [illegible] in [illegible] dealings, [illegible] part to [illegible] for their traditional products. "Those [illegible] do this [illegible] of thing [illegible] certain [illegible] they [illegible] tough internal rules, and [illegible] that they [illegible] to," he said.

The second failure of control [illegible] broader: [illegible] of [illegible] two-tier board system. Under [illegible] system, responsibility for a company's [illegible] between the supervisory board, [illegible] charge of supervising management performance, and [illegible] management board, responsible [illegible] day-to-day running [illegible] the business. In [illegible] of Metallgesellschaft, [illegible] supervisory [illegible] prevent Mr Schimmelbusch's risky ventures.

[illegible] per cent [illegible] the company's shares [illegible] by Deutsche and [illegible] banks, Daimler-Benz and [illegible] insurer Allianz, [illegible] prestigious [illegible] in German finance [illegible] *industry. Their representatives sit* on [illegible] supervisory board, together with [illegible] crop of distinguished outsiders. The board is [illegible] by Mr Ronaldo Schmitz, the Deutsche [illegible] of corporate finance. [illegible] yet to make [illegible] public [illegible]ment on [illegible] affair though [illegible] formal company [illegible] month [illegible] Mr [illegible] for [illegible] keep his supervisory [illegible] of developments at MG Corp.

Mr Schimmelbusch's ability to deliberately [illegible] when his back was against [illegible] wall was demon[illegible] on Friday December 3, the day he [illegible] Mr Schmitz with an urgent request for money. Mr Schimmelbusch [illegible] by [illegible] FT to comment [illegible] rumours that MG Corp [illegible] in difficulties and that it needed extra funds. He denied [illegible] rumours, adding that the meeting that morning was routine. He invited the FT [illegible]tary proof that all was well at [illegible] subsidiary, but when pressed the meeting never materialised.

Critics [illegible] the German twin-board system argue that supervisory board members [illegible] *often caught* [illegible] guard because they enjoy such close relationships with the managers they are supposed to supervise.

"The position of influence enjoyed by [illegible] supervisory boards [illegible] question as [illegible] before," Mr Otto Lambsdorff, a leading member of the Free Democratic party and chairman of DSW, Germany's largest small shareholder organisation, told the FT this week. "They look after the company's capital market issues, they advise on mergers and acquisitions, and in some cases they own big share [illegible] as well. [illegible] it not surprising that their judgment as supervisory board members is clouded."

T[illegible] comments [illegible] perti[illegible] in the Metallgesellschaft [illegible] Deutsche and Dresdner banks both backed Mr Schimmelbusch's acquisition spree, reaping plump advisory fees and interest income on loans in the process.

Mr Lambsdorff argues that more supervisory board members should be independent. To reduce the influence of banks, he [illegible] like [illegible] limit the number of different supervisory board seats occupied by [illegible] individual from 10 [illegible] four, and to ban banks from owning more than 10 [illegible] cent of industrial companies.

Other critics of the board system have suggested alternative reforms: Professor Ekkekard Wenger, a noted shareholder activist, says that Mr Schimmelbusch [illegible] able [illegible] the poor performance of the company behind opaque accounts. [illegible] true [illegible] of operating performance been obvious in 1991-92, [illegible] under [illegible] accounting *rules*, [illegible] unlikely [illegible] *Mr Schim*melbusch would have survived [illegible] long [illegible] chief executive, [illegible] said.

One banker who attended the [illegible]cue [illegible] said [illegible] hoped that the affair would [illegible] catalyst for greater [illegible] in German corpo[illegible] life. This may be optimistic. *The first reaction of German bank*[illegible] has [illegible] batten down the hatches: few details have so far emerged from the boardrooms of Deutsche and Dresdner banks of the postmortem currently under way.

The big banks' close and extensive links with industry are [illegible] the heart of the German model of corporate capitalism [illegible] are unlikley to [illegible] relinquished without [illegible] fight. For [illegible] the [illegible] this model. [illegible] the Metallgesellschaft [illegible] exposed [illegible] fault [illegible] at the [illegible] of the system.

Robert Mauthner examines the frustrations caused by cuts and savings in the Foreign Office

Diplomatic disquiet

There [illegible] almost [illegible] of revolution in the air [illegible] Whitehall, when it was announced [illegible] week [illegible] Mr Douglas Hurd, the [illegible] foreign secretary, would address the massed [illegible] of his department – [illegible] the request of the [illegible] trade unions.

It [illegible] an unprecedented [illegible] and could attract [illegible] London-based staff, who will gather today in the grandiose surroundings of the Durbar Court, restored [illegible] original Victorian splendour [illegible] few [illegible] ago.

The [illegible] that [illegible] Hurd has agreed to address such [illegible] meeting demon[illegible] that he recognises diplomats [illegible] have genuine [illegible] for anxiety, not only about [illegible] career prospects but [illegible] the future of the foreign service as a whole.

Though the damage done to the Foreign and Commonwealth [illegible] reputation by [illegible] Margaret Thatcher's constant sniping [illegible] *criticism* [illegible] *largely been* repaired by the present government, financial constraints have provoked fresh worries.

That does not mean that there is an atmosphere of militancy in King Charles [illegible]. Most of the staff, and even their unions, concede that Mr Hurd is [illegible] good boss, as well as a good foreign secretary. One or two have even been heard to say, somewhat rashly, that he is "the greatest foreign secretary this century".

Others, much less flattering, merely consider that he is very successful at not rocking the boat, but that he has not shown an inordinate amount of imagination in the formulation of policy. One middle-ranking diplomat, [illegible] refuses [illegible] attend *today's* meeting, said it would be "just like [illegible] journalist listening to a press release being read out by a *Foreign* [illegible] spokesman".

Yet almost everyone agrees that *Mr Hurd has done his utmost to* defend his department against the assaults of the Treasury, and that [illegible] particularly successful in [illegible] damage [illegible] exercise during [illegible] autumn's public expenditure survey.

Nevertheless, in spite of small increases in [illegible] during [illegible] three-year period covered by the survey, [illegible] will [illegible] of 11 per cent in real terms in the FCO's overall budget [illegible] the period, fuelling fears of reductions [illegible] posts and staff.

Though the [illegible] says [illegible] not "anticipate" reduc[illegible] of diplomatic posts "at [illegible] moment", [illegible] can [illegible] little doubt [illegible] this will happen in the longer run, in spite of the opening of 20 [illegible] posts [illegible] 1990.

Undeniably, there has been [illegible] steady [illegible] in Britain's overseas representation [illegible] past [illegible]. [illegible] FCO's overall [illegible] by 19 per cent between [illegible] and [illegible], though [illegible] has [illegible] risen again by some 5 per cent, as [illegible] result of the opening of [illegible] posts and [illegible] introduction of [illegible] visa regimes.

Comparisons with countries of similar size and importance, such [illegible] France and Germany, show [illegible] Britain [illegible] falling behind. Last year, [illegible] had 217 posts abroad, compared to France's 291 and Germany's 230. At the same time Britain's [illegible] of [illegible] was much lower than France's [illegible] and Germany's [illegible].

Further concern [illegible] caused by the [illegible] a [illegible] management study which showed that the hours being worked by [illegible] long – in some senior cases as much [illegible] 70 or [illegible] hours a week, [illegible] 41 hours [illegible] which they are paid.

In addition, [illegible] market-testing pro[illegible] covering 12 internal [illegible]*vices has raised fears that more* jobs will be [illegible] or staff transferred. The services include language training, information technology, research, security, transport and some aspects of communications, and involve about [illegible] per cent of the Foreign Office's [illegible]. In the [illegible] year of its operation, [illegible] programme, which [illegible] up these services [illegible] competitive bidding by outside companies, has allowed [illegible] FCO to achieve savings of [illegible].

A blockage [illegible] appointments to senior grades, caused by the fact that retirements, usually [illegible] to 18 annually, will [illegible] much lower over the [illegible] years, has added [illegible] the malaise of [illegible] service which recruits only about [illegible] "fast-stream" [illegible] more than [illegible] applicants [illegible] year.

[illegible] is clear that, even if there is unlikely [illegible] any [illegible] the elegant pavement of [illegible] Durbar Court, Mr Hurd will nevertheless be unable to evade answering [illegible] delicate nitty-gritty questions. Morale-boosting [illegible] about [illegible] continued role of [illegible] *Foreign* [illegible] *on* [illegible] *world stage*, though welcome, will hardly [illegible] sufficient.

OBSERVER

Banking on failure

■ Who [illegible] performance-related [illegible] of [illegible] *directors*? [illegible] *non-executive* [illegible] The shareholders? [illegible] even? The [illegible] signs are that the UK's sixth largest bank [illegible] branch out and give [illegible] opposition [illegible] as well.

[illegible] old [illegible] an executive [illegible] which will mean [illegible] of chief executive [illegible] and [illegible] top [illegible] will [illegible] by how [illegible] bank's financial performance [illegible] with an average drawn from [illegible] select group of competitors, including Abbey National, Lloyds and Royal Bank of Scotland.

It [illegible] be a laudable attempt [illegible] top people's [illegible] time when the banking sector is generating increasingly [illegible] profits. But it [illegible] add [illegible] rather random and extraneous [illegible] *into* [illegible] calculations. After all, [illegible] good [illegible] it [illegible] TSB shareholders if everyone else flops [illegible] 1994-95?.

Beering up

■ Philanthropy [illegible] not yet dead it *seems*, particularly when it's good for [illegible] corporate image. Miller Brewing, the Philip Morris subsidiary, last week helped those struck by the recent natural calamities in the US.

First it steamed into the LA earthquake by donating two production lines at its Irwindale, California, brewery, to produce 3m bottles of water instead of beer. Then it ceased beer production for two days at its flagship plant in Milwaukee, America's beer capital. It said it was worried for its workers' safety when temperatures in the upper mid-west fell as low as 30 degrees below.

Poisoned chalice

■ Who will get the job of selling Europe to the Brits? The search for a candidate to run the European Commission's London office is looking increasingly jinxed; at least one prospective applicant has declined the offer. The recruitment has stalled thanks to an internal EC argument over whether to pick an in-house candidate or gamble on an outsider.

Sir Leon Brittan, the EU's chief trade negotiator and senior UK commissioner, believes that spreading the net will ensure the best quality. Other bureaucrats, notably David Williamson, secretary general, are pushing for an insider to run the 25-strong London office. So Geoff Martin, the temporary stand-in, must rate [illegible] chances. However, the [illegible] unfilled [illegible] May which [illegible] question of whether it is being kept open for an unlucky Tory [illegible] who [illegible] a [illegible] in [illegible] forthcoming European [illegible]. Surely [illegible].

'[illegible] burn red tape [illegible] cheap'

Concert party

■ [illegible] Patten, Hong Kong's [illegible], [illegible] always banging [illegible] of a free [illegible] all [illegible], judging by [illegible] unusual [illegible] to stop [illegible] film premier of [illegible] BBC documentary, *Chairman* [illegible] *Last Emperor* in the colony's Foreign Correspondents Club.

It's no great surprise [illegible] Xinhua [illegible] Agency, China's [illegible] mouthpiece, didn't [illegible] the club [illegible] show [illegible] offending film tonight. [illegible] was piqued [illegible] find [illegible] local Hong Kong censor [illegible] being awkward.

[illegible] interference has upset Philip Bowring, the [illegible] *Economic* [illegible] FCC president, who opines that *Hong Kong's tough censorship law* [illegible] an example [illegible] sort of legislation the governor ought [illegible] be repealing, not enforcing. [illegible] doubt Patten can [illegible] relied upon to turn a blind eye if he wants [illegible] keep opinion formers [illegible] side.

Parkinson's law

■ There they go again. A pillar of [illegible] Tory establishment, Lord Parkinson, [illegible] the [illegible] yesterday [illegible] repeat the hoary old allegation [illegible] Lord Healey, Labour's last chancellor of the exchequer, once promised to [illegible] the rich "until [illegible] squeak".

[illegible] Healey, speaking on [illegible] BBC's [illegible] *Weekend* programme, denied [illegible] ever said it and [illegible] £100 [illegible] prove otherwise. He [illegible] collected [illegible] similar [illegible] with William Keegan, [illegible] Observer's economics editor. [illegible] just in [illegible] Parky will [illegible] getting a letter [illegible] remind him that [illegible] accepted the wager [illegible] air.

Debating points

■ However, Lord Healey [illegible] more pressing things on his mind than Lord Parkinson's latest gaffe. When Observer contacted him yesterday he seemed more incensed by Simon Jenkins' suggestion, in [illegible] on Saturday, that there have been *no* [illegible] *English novels* [illegible] on life in a provincial [illegible] since George Eliot's *Middlemarch*, whose serialisation [illegible] BBC TV currently [illegible] causing much [illegible] among the chattering [illegible].

[illegible] about the [illegible] Arnold [illegible] D [illegible] Lawrence, [illegible] name but two, [illegible] Healey?

Men only

■ What have Orthodox Jewry [illegible] Islamic fundamentalists got in common? [illegible] than you might think. A local [illegible] in Jerusalem [illegible] just caved in [illegible] from a section of its users and introduced [illegible] segregated bus, in [illegible] men and women [illegible] kept apart by [illegible] opaque curtain.

Oh, [illegible] who [illegible] up front [illegible] driver under [illegible] new arrangement?

FINANCIAL TIMES
Monday January 24 1994

Free Citizens' party challenges German political establishment

Saving the D-Mark could turn out to be [redacted] vote-winner, writes **Quentin Peel** from Weisbaden

With plentiful supplies [redacted] coffee and cakes, and a fair amount of procedural confusion, [redacted] worthy [redacted] citizens gathered yesterday in an unremarkable hotel in Wiesbaden, [redacted] eminently respectable capital [redacted] the [redacted] of Hesse, [redacted] found [redacted] latest [redacted]lenge to the German political [redacted]

The Bund [redacted] Bürger (BFB), or Free [redacted] Alliance, plans to campaign for freedom, [redacted] market [redacted], and [redacted] preser[redacted] of the Deutsche [redacted] in the forthcoming European elec[redacted] in June, [redacted] in the general [redacted] for the German Bundes[redacted] in October.

If it were not for the third of [redacted] campaign issues, the [redacted] might [redacted] as [redacted] hopeless tilt at [redacted] creaking [redacted] of German democracy. But the [redacted] save [redacted] D-Mark from being [redacted] up in a nebulous European currency unit, [redacted] by [redacted] process [redacted]tary union, [redacted] by about [redacted] of [redacted] German population. It [redacted] prove [redacted] winner [redacted] a time [redacted] widespread [redacted] with the main parties [redacted] political [redacted]

There is also [redacted] a sneaking suspicion that [redacted] new party is trying [redacted] a [redacted] from [redacted] Mr Jörg Haider, [redacted] rightwing [redacted] Austria's Freedom party, [redacted] gained [redacted] support [redacted] notoriety by [redacted] xenophobia.

The BFB [redacted] brainchild [redacted] Mr [redacted] Brunner, [redacted] to Mr [redacted] Bangemann, the senior German commissioner in Brussels and principal challenger of the Maastricht treaty before the German constitutional court last year.

Mr Brunner looks more like a bank manager than a Don Quixote, with a round, earnest face and spectacles. Yet he has lost his job and risked his career to fight the treaty, and the overwhelmingly pro-European [redacted] He [redacted] Mr [redacted] "a [redacted] interesting ideas".

[redacted] regarded [redacted] in [redacted] quarters. The founding meeting of [redacted] party [redacted] moved at the last minute from the far more evocative surroundings of Weimar, the home town of Goethe, in east German Thuringia, because of a bomb threat to the Hilton Hotel.

Mr Franz Schuster, the Christian Democrat interior minister in the state, declared the proposed party to be more dangerous than either of the far rightwing Republicans, or the even more extreme National Demo[redacted] (NPD).

Yesterday's meeting could scarcely [redacted]ening. [redacted] participants, mostly [redacted] of [redacted] mostly [redacted] representa[redacted] of [redacted] bourgeoisie, [redacted] businessmen, the self-employed, professionals and professors.

They are all frustrated with the political [redacted] former political parties.

"All the parties [redacted] same," [redacted] Mr [redacted] Gutmann, president of the national [redacted] "It [redacted] bad [redacted] be [redacted] It [redacted] preserving something."

"The word bourgeois is not a swearword any more," said Professor Bernd-Thomas Ramb, who describes himself as an entrepreneur. "It means a consciousness of freedom with responsibility."

Mr Brunner is clear that his main platform is anti-European. He does not want to dismantle the European Union, but he wants to make sure it is no more than a loose confederation of nation states. He does not want to lose the D-Mark, and he wants to make sure Germany's money pays first of all for German unification, before it is redistributed round the rest of the EU.

His problem is that he is plunging into an increasingly crowded market place. Another "citizens' movement", the Hamburg-based Statt Partei – "Instead of a party" – decided on Saturday to organise on a national basis.

As for the far right, Mr Brunner will have to contend with the well-organised Republicans and the Deutsche Volksunion (DVU) and the NPD. They could split the conservative, nationalist vote, and all fail to gain the 5 per cent support needed for a seat in any parliament.

Japan's LDP faces call to back reform

By William Dawkins in Tokyo

[redacted] of Japan's ruling coalition today [redacted] opposition Liberal Democratic party in an attempt [redacted] revive political reform plans, crippled by a revolt in the alliance's own camp.

Proposals for the most radical reorganisation of Japan's scandal-tainted democracy for more than 45 years were voted down at their final hurdle in the upper house of parliament on Friday.

A defiant prime minister Morihiro Hosokawa, who has staked his job on reforming the political and electoral system, vowed at the [redacted] soldier [redacted] Mr Hosokawa also said he would, as planned, [redacted] Bill Clinton, [redacted] US president, for [redacted] US-Japan summit on February 11, [redacted] conclude [redacted] on opening Japan's [redacted] imports.

The government would make "serious and vigorous efforts" to launch economic stimulus measures before the US summit, said Mr Hirohisa Fujii, finance minister. Fears that an urgently needed economic stimulus package will be delayed beyond its expected arrival in the next few days are expected to trigger a fall in Japanese share prices today.

Mr Hosokawa hopes to persuade the LDP to form a joint panel of the upper and lower houses of parliament to agree to a watered-down version of his four reform bills. This will be discussed today by [redacted] of [redacted] lower chamber's steering committee, from [redacted] government [redacted] LDP.

Such a panel would need a two-thirds majority for a new scheme, before it could pass the amended plan to both houses for adoption by simple majority. However, the chances of success are overshadowed by the fact that an unknown number of LDP politicians oppose the reform plan's proposed [redacted] Japan's unique multi-seat [redacted]uency system.

The surprise [redacted] against the plans, at what had appeared to be the climax of a five-year national debate, provoked [redacted] stream of support for political [redacted] in the weekend press.

The next stage is unclear. Several Japanese political observers yesterday predicted that Mr Hosokawa might resign after the US summit and then hand over the reins of the coalition to Mr Tsutomu Hata, the foreign minister, or to Mr Masayoshi Takemura, the chief cabinet secretary.

However, this would be only an interim leadership, according to Mr Minoru Morita, a popular political commentator, who believes that the present drama is an early step in a political realignment that will take many years.

Editorial Comment, Page 11
Japanese press review, Page 4

Israel and PLO see signs of progress

Continued from Page 1

[redacted] Sunday.

Mr Arafat said: "There are some points we haven't agreed [redacted] but there [redacted] some [redacted] we managed [redacted] overcome."

Mr Yitzhak Rabin, Israeli prime minister, endorsed the view that [redacted] had been [redacted] in Oslo. "I [redacted] an Israeli [redacted] position in principal [redacted] security has begun [redacted] results." Mr [redacted] he was ready to [redacted] President Assad without [redacted] prior conditions in order [redacted] peace process.

Israeli [redacted] reported yesterday [redacted] both Israel and the PLO [redacted] made [redacted] in [redacted] to a protocol providing [redacted] implementation of the peace accord and an Israeli troop withdrawal from the Gaza Strip and Jericho. The protocol has been delayed for more than two months as Israel and the PLO argued about who should control border crossings, the size of the Jericho area and protection of Israeli settlers.

Officials said in order to reach a compromise, Mr Peres agreed to make an Israeli presence at border crossings "invisible" and conducted by advanced electronic technology.

VW chairman may sue former Seat managers

[redacted] 1

first quarter of the current year.

But he told a German newspaper the deficit would be a fraction of the DM1.25m loss booked in the same period of 1993, and that the group would return to profit by the year's end. Seat was the only subsidiary expected to remain in loss, with a deficit of [redacted] he [redacted]

The group's [redacted] of a return [redacted] health are [redacted] partly on the planned introduction of shorter working time at its six German factories. [redacted] the [redacted] "four-day week" scheme would [redacted] it DM1.8bn a year in labour costs. However, details of the controversial plan are yet to be agreed with social security officials and trade unions.

Negotiations with trade unions [redacted] on January 12, when the factories reopened after an extended new year holiday, and the new arrangements were expected to be introduced by the end of February.

Group officials were also still in talks with government social security officials. The company has claimed that some workers qualify for unemployment pay or other state aid during the lay-off.

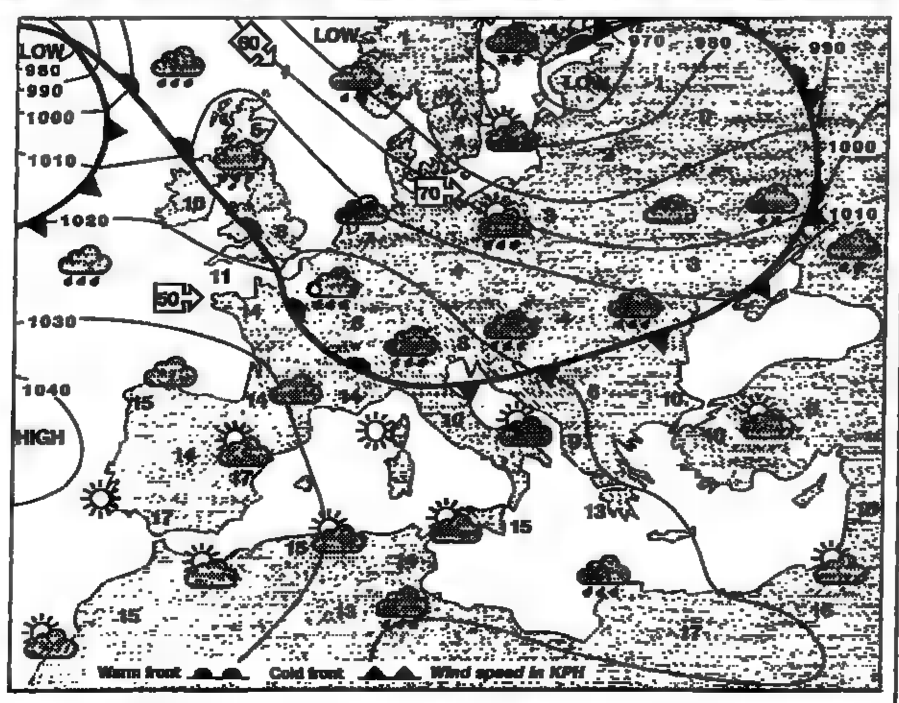
FT WEATHER GUIDE

Europe today

Depressions will continue over the [redacted] Atlantic, Scandinavia and most of western Russia. A strong and cool westerly airflow will bring cloud and showers to Denmark, northern Germany, Poland and the Baltic states. Finland and north-west Russia will have snow. There will be heavy rain in Ireland, England, France and Bavaria. The Czech Republic, Hungary and Rumania will also be rainy with sleet in the Ukraine. High pressure in the Azores will bring light winds and lots of sun to most of Portugal and Spain. Italy and south-east Europe will also [redacted] sunny.

Five-day forecast

All areas between the Norwegian Sea and north France will be unsettled. There will be rain and strong westerly winds in the British Isles, southern Scandinavia and western and central Europe. Norway, Sweden and Finland will remain cold. The Azores high pressure system will gradually move into the Mediterranean bringing sunny spells and pleasant afternoon temperatures.



Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

TODAY'S TEMPERATURES

	Maximum [redacted]		Belfast	rain	[redacted]	Cardiff	[redacted]	10
			[redacted]	cloudy	[redacted]	Chicago	[redacted]	6
Abu [redacted]	sun	24	Berlin	[redacted]	5	Cologne	[redacted]	[redacted]
Accra	fair	32	[redacted]	[redacted]	[redacted]	D' Salaam	[redacted]	[redacted]
Algiers	fair	15	[redacted]	[redacted]	21	[redacted]	sun	[redacted]
[redacted]	cloudy	7	Bombay	sun	[redacted]	Dallas	[redacted]	18
Athens	fair	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	sun	[redacted]
B.[redacted]	[redacted]	[redacted]	[redacted]	rain	[redacted]	Dubai	sun	[redacted]
B.ham	rain	[redacted]	[redacted]	[redacted]	6	[redacted]	rain	[redacted]
Bangkok	fair	33	Cairo	fair	16	[redacted]	fair	[redacted]
Barcelona	sun	15	[redacted] Town	sun	22	[redacted]	fair	[redacted]
Beijing	sun	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	sun	17

Frankfurt	cloudy	5	Malta	shower	15	Rio	shower	29
Geneva	rain	7	Manchester	rain	7	Riyadh	fair	20
Gibraltar	sun	16	Manila	fair	29	Rome	sun	13
Glasgow	cloudy	5	Melbourne	sun	28	S. Frsco	fair	11
Hamburg	shower	5	Mexico City	fair	17	Seoul	fair	1
Helsinki	snow	-1	Miami	fair	26	Singapore	rain	30
Hong Kong	sun	17	Milan	fair	9	Stockholm	fair	-2
Honolulu	fair	25	Montreal	fair	-8	Strasbourg	rain	9
Istanbul	fair	10	Moscow	snow	-1	Sydney	fair	26
Jersey	rain	11	Munich	rain	4	Tangier	sun	16
Karachi	sun	25	Nairobi	fair	27	Tel Aviv	fair	15
Kuwait	fair	18	Naples	fair	14	Tokyo	cloudy	[redacted]
L. Angeles	cloudy	15	Nassau	fair	27	Toronto	cloudy	[redacted]
Las Palmas	fair	19	New York	fair	7	Tunis	shower	[redacted]
Lima	cloudy	26	Nice	fair	14	Vancouver	rain	8
Lisbon	sun	15	Nicosia	fair	16	Venice	cloudy	8
London	rain	11	Oslo	fair	3	Vienna	rain	7
Lux.bourg	rain	6	Paris	rain	11	Warsaw	shower	3
Lyon	rain	8	Perth	fair	24	Washington	fair	[redacted]
Madeira	fair	17	Prague	shower	4	Wellington	fair	[redacted]
Madrid	fair	14	Rangoon	fair	32	Winnipeg	cloudy	[redacted]
Majorca	fair	16	Reykjavik	snow	-7	Zurich	rain	8

THE LEX COLUMN

The balance in power

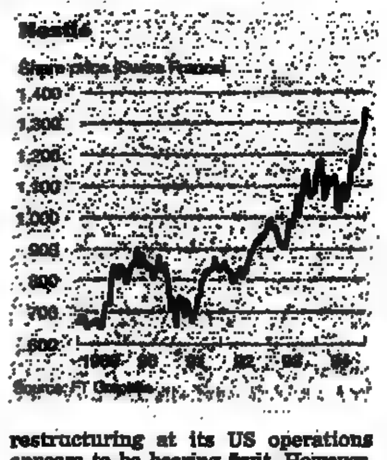
[redacted] Littlechild, [redacted] electricity regulator, has yet to produce his verdict on the generating companies, despite [redacted] promise to [redacted] by mid-January. His report may not now be published until next month. Investors, probably correctly, have concluded that the delay implies that talks are still going on which will avoid the companies being referred to the Monopolies and Mergers Commission. The regulator seems to want National Power and PowerGen to agree to dispose of some generating plant and accept a voluntary cap on spot electricity prices. Since the com[redacted] probably [redacted] more [redacted] through an [redacted]C reference, they are under pressure to agree. On the other hand, practically none of the important political constituencies now want a reference, so the regulator is a little hemmed in.

If [redacted] deal is done, there will probably be some impact on profits. The generators' high dividend cover and provisions do, however, offer a defence. Even so, with the shares now yielding 20 per cent less than the market average, a good part of the growth prospects are already in price. By contrast, the regional electricity companies are still cheap, with above average yields, since investors regard them as pure utilities. Yet their financial strength and dividend growth prospects are not those of a utility. The strong cash flow and low ratings may soon attract predators. If the RECs do not move quickly to unlock the value of their National Grid holdings, and return other excess capital to shareholders, someone [redacted] may do it for them.

Nestlé

[redacted] strong rise in [redacted] weeks, Nestlé shares have been thrown into the shade on the Swiss market as financial stocks have surged ahead. But Nestlé's forecast of a 5 per cent increase in 1993 sales confirms its solid progress. Trading [redacted] up [redacted] last autumn and Nestlé will report a 1.7 per cent increase in volume growth for 1993. That falls short of its target rate of 4 per cent a year but compares favourably with most international food groups.

Nestlé has been making good volume gains in higher value-added areas, such as pharmaceuticals, which will help protect group margins. But its markets in Europe have remained tough. Delays in dealing with Perrier threaten to dilute earnings, but restructuring at its US operations appears to be bearing fruit. However, Nestlé's great appeal stems from its exposure to fast-expanding economies in Asia and Latin America. With 23 per cent of sales coming from emerg[redacted] economies, Nestlé is the best placed food group to ride the wave of global growth.



Nevertheless, the company has much work left in the old world. It has yet to make sense of weak market positions in European pet food, canned products, and frozen foods. This suggests higher restructuring charges may disfigure its accounts in years to come. Despite its prodigious cash flow, Nestlé may also be temporarily constrained by year-end gearing of around 55 per cent. That hardly bothers it in the normal run of events, but suggests it would have to use paper to consummate any grander designs on [redacted]

France

After the 22 per cent rise in the CAC 40 last [redacted] the French bourse has started 1994 in more subdued [redacted] As elsewhere, the worry is whether the economy can deliver the performance the market's rating now demands. The French government's obsession with a [redacted] franc at the cost of high real interest ra[redacted] has squeezed the economy hard. U[redacted]ployment remains above 12 per [redacted] Consumer confidence is fragile.

Official statistics suggest the French economy is on a slight upward track. But there could be [redacted] sharper rebound in corporate earnings this year. The high levels of provisioning, which caused corporate earnings to undershoot expectations last year, could produce a suspiciously strong recovery in 1994. The other great hope is that continuing interest rate cuts will cause an avalanche of cash to slide from money market funds into equities. That, though, will be at least partially absorbed by new equity issues. Quite apart from the FFr55bn of privatisation sales pencilled in for this year, the corporate sector will continue to launch rights issues to ease strained balance sheets.

The market will thus probably remain jumpy until the economic uncertainties are resolved. The savage treatment handed out to Alcatel-Alsthom after issuing [redacted] profits warnings suggests it will be unforgiving of any disappointment. That makes privatisation of Elf Aquitaine a particularly delicate task. Its payment of an uncovered dividend shows how keen it is to underpin the shares. But the French goverment cannot afford to [redacted] over-ambitious about the sale price.

IMI

The privatisation of IMI offers a rare chance to buy shares in [redacted] financial institution which has managed to accumulate capital rather than fritter it [redacted]. Its caution in corporate lending in Italy has led to steady erosion of market share but [redacted]ted to unusually stable profits. IMI has also avoided more than token exposure to recent corporate failures – such as Ferruzzi and Efim – which [redacted] blighted some of its peers. With a BIS capital [redacted] over 20 per cent, though, IMI looks overcapitalised.

Since it has no branch network and is dependent on wholesale markets, a strong balance sheet and good credit rating contribute to a lower cost of funds. The concentration of loans to a handful of groups, albeit state-owned, also argues for a strong capital base. As the privatisation programme continues, many of these loans will anyway lose their government guarantees, so the ratio will tend to fall. Even so, [redacted] might wonder [redacted] capital ratio twice that of broadly comparable institutions, such as [redacted] Locale of France, is really necessary.

This embarrassment of riches leaves IMI well [redacted] to [redacted]hare in corporate banking as the Italian economy turns. But its real ambitions lie [redacted] Fund management, mutual funds and life insurance a[redacted] already producing good profits. If IMI can successfully manage the transition from corporate [redacted] to fully-fledged financial services group without recourse to shareholders, its cautious approach to lending will not have been in vain.

FINANCIAL TIMES
COMPANIES & MARKETS

Monday January 24 1994

Return to profits predicted for steel

By Richard Waters in New York

[redacted] of the [redacted] companies [redacted] predicting a continuing sharp upturn in their operating performance [redacted], in the [redacted] pushing the industry [redacted] whole back into profit [redacted] one of its [redacted] prolonged periods [redacted]

[redacted] by [redacted] of the six [redacted] integrated [redacted] producers [redacted] that soaring demand from [redacted] makers and [redacted] industry had already driven the steel companies' output and prices sharply higher.

[redacted] Steel, [redacted] producer, [redacted] in the final three months [redacted] cent higher than a year before, [redacted] $1.5bn, helped [redacted] per cent [redacted] in the amount [redacted] of price [redacted]. "The mar[redacted] outlook is solid, with order book levels high through the first quarter," added Charles Corry, chairman of US Steel's parent company, USX.

Robert Darnall, chairman of Inland Steel, which turned an operating loss of $173m in 1992 into a profit of $27m last year, [redacted] even more optimis[redacted] "We expect [redacted] continued improvement in [redacted] operating results [redacted] the same magnitude as we experienced in 1993," he said.

The heightened demand for [redacted] has meant that producers [redacted] been operating at near-full capacity, supporting the price rises [redacted] last year. US Steel said it was operating at 98 per cent of capacity in the final months of 1993, compared with 84 per cent at the end of 1992. Inland Steel, held back [redacted] the shut-down [redacted] a blast furnace and coke plant, sagged to 74 per cent.

The [redacted] their products in the US has already [redacted] the steel companies among the best-performing on Wall Street so far [redacted] year.

US Steel on Friday reported net income for the last quarter of 1993 at $124m ($1.67 a share), compared with an after-tax loss of $225m ($3.80 a share) the year before. Inland Steel made a net loss of $20m (79 cents a share), compared with a net loss [redacted] $67m ($2.15 [redacted] share) the year before.

China leaps forward with mergers

By Tim Burt

China and [redacted] have emerged [redacted] centres [redacted] international takeover activity with overseas companies investing more than $22bn there in the past 12 months, according to [redacted] KPMG Peat Mar[redacted]

The firm's annual survey [redacted] global takeover activity, published today, shows that inves[redacted] in China [redacted] part in par[redacted] acquisitions [redacted] joint ventures worth $15.2bn, up from $5.2bn in [redacted] The value of companies purchased outright rose from [redacted] to [redacted]

The increase meant China was second only to the US in selling equity [redacted] and joint [redacted] opportunities.

Russia, where [redacted] value of partial takeovers increased from [redacted] $6.6bn, was ranked fifth, behind Britain and the Netherlands.

Mr Richard Agutter, chair[redacted] KPMG's corporate [redacted] department, warned [redacted] of future investment in [redacted] could be under[redacted] by right-wing [redacted] gains. Uncertainties [redacted] the political future [redacted] Hong Kong had [redacted] UK investment in China, he [redacted]

The total value of [redacted] cross-border mergers and acquisitions, meanwhile, declined 14.6 per cent to [redacted] last year [redacted] many [redacted] endured recession. [redacted] uncertainties over [redacted] tricht treaty, [redacted] North American Free Trade Agreement and [redacted] Agreement on Tariffs [redacted] talks also per[redacted] companies [redacted] postpone [redacted] plans.

Japanese companies [redacted] of sharpest cutbacks, [redacted] value of [redacted] outright acquisitions falling by more than 86 per cent from $4.3bn in 1992 [redacted] year.

The value [redacted] partial take[redacted] and joint ventures by Japanese groups [redacted] fell sharply – down [redacted] than 70 per cent [redacted] $4bn. Mr Agutter blamed the decline [redacted] Japan's slowing domestic [redacted] and he [redacted] similar [redacted] activity in France, Ger[redacted] and Italy.

The value of outright acquisitions by French companies fell by [redacted] half [redacted] German [redacted] purchases by 21 [redacted] cent [redacted] while the [redacted] total fell more than [redacted] to $463m.

"Companies in all [redacted] countries [redacted] being [redacted]tious. They don't [redacted] buy outright any more, they prefer [redacted] share the risk," he [redacted]

Britain [redacted] the [redacted] however, increased [redacted] dealings. Outright acquisitions by British companies more than doubled [redacted] $13.5bn, [redacted] purchases by US groups rose from $14.5bn [redacted] $15.3bn.

Mr Agutter highlighted [redacted] such as Unilever's £220m take[redacted] last [redacted] of Ortiz-Miko, [redacted] French frozen foods manufacturer, and BT's decision to take a [redacted] in MCI as examples of [redacted] activity. He said [redacted] in North America and [redacted] UK was also reflected by [redacted] increase [redacted] "global capital flows" – [redacted] valuation of total purchases and disposals. This figure [redacted] from [redacted] in 1992 [redacted] year.

Forecasting increased activity [redacted] Mr Agutter said [redacted] would [redacted] more joint [redacted]ture agreements rather than outright acquisitions.

● The [redacted] spent by companies on European cross-bor[redacted] by [redacted] per cent last year [redacted] ($35.16), the lowest level since 1988, according to a survey by Translink, [redacted] cross-border [redacted] adviser.

Europe's governments are finding both political and commercial reasons for turning to privatisation

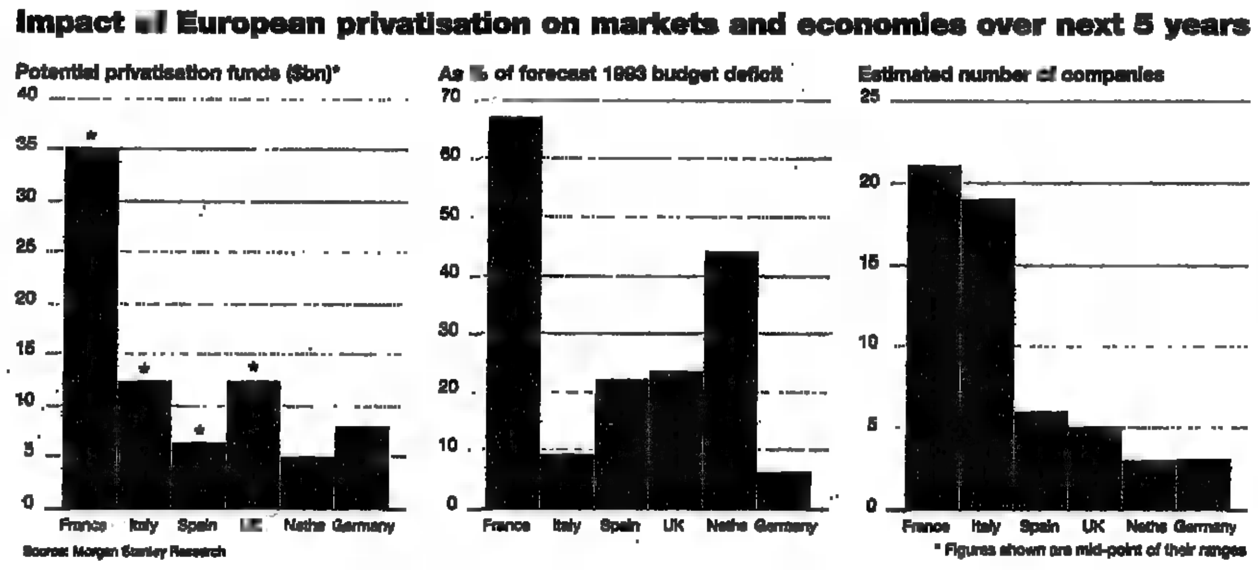
State-run groups get used to new identity

Privatisation in Europe [redacted] have acquired an unstoppable momentum. Across [redacted] Continent, [redacted] that [redacted] should own or operate [redacted] political force. In some [redacted] governments [redacted] driven to privatise by [redacted] their ballooning [redacted]cits. But there [redacted] another powerful and deep-seated argument, [redacted] of [redacted] logic.

In [redacted] growing [redacted] tors, from telecommunications [redacted] cars, there [redacted] competitive [redacted] companies [redacted] form cross-border alliances. The pri[redacted] reluctant [redacted] get involved with state-owned companies. For many of Europe's state-owned giants, privatisation [redacted] become a [redacted] for [redacted] in the game.

If the political [redacted] is secondary, it [redacted] still important. In Italy, [redacted] instance, it matters a [redacted] deal [redacted] privatised companies should [redacted] up [redacted]trolled by [redacted] handful [redacted] old-style industrial empires or should have [redacted] wide [redacted] base. [redacted] the former, [redacted] the argument, the country [redacted] put its scandal-ridden [redacted] behind [redacted] Thus, privatisation becomes in itself a [redacted] weapon, [redacted] it was in [redacted] UK in [redacted] early 1980s.

FRANCE: The French programme, launched last [redacted] by [redacted] centre-right government of [redacted] prime minister, Mr Edouard [redacted] Europe's largest. It involves 21 public [redacted] groups [redacted] should raise more than FFr250bn ($42.30bn). The implications go [redacted] beyond a much-needed boost [redacted] budgetary receipts.



Source: Morgan Stanley Research
* Figures shown are mid-point of their ranges

Some of [redacted] most [redacted]ful industrial and financial [redacted] such as Elf-Aquitaine, [redacted] and Union des [redacted]ances de Paris, should soon [redacted] in private hands.

The government is also moti[redacted] by a [redacted] to [redacted] the [redacted] on state industry [redacted] efficiency. "The [redacted] government should [redacted] be in [redacted] business [redacted] making cars," said industry [redacted] Mr [redacted] Longuet, referring [redacted] plans to privatise Renault.

The [redacted] has got off [redacted] a strong start. The first [redacted] privatisation [redacted] – Banque [redacted] de Paris, one of [redacted] country's biggest banks, and [redacted] Poulenc, [redacted] chemicals group – were heavily oversubscribed by [redacted] individual and institutional investors. The biggest operation on the list, the [redacted] of most [redacted] the [redacted]ment's 51 [redacted] in Elf-Aquitaine, [redacted] launched [redacted]

The sale of [redacted] large part of public [redacted] industry will mean [redacted] of alliances between French business groups. The [redacted] ful pension [redacted] the government's desire to [redacted] stability and the French identity of privatised companies, has led [redacted] the development [redacted] the [redacted] *noyau dur* – core groups of long-term investors.

Some companies [redacted] pri-vatisation list, such as Rhône Poulenc, have behaved like pri[redacted] sector companies [redacted] many years. But the [redacted] retain an influence. In the [redacted] few privatisations launched by [redacted] Balladur government, [redacted] example, some [redacted] the core [redacted] companies.

More directly, the government will [redacted] share in [redacted] the privatisation candidates [redacted] to be strategically important [redacted] politically [redacted]tive, [redacted] as Elf. Political influ[redacted] may [redacted] at [redacted] level. While avoiding a [redacted] hunt of chief [redacted] of public sector groups, Mr Balladur has installed his [redacted] appointees [redacted] several key posts.

GERMANY: The federal [redacted]ernment in Germany is pressing ahead slowly but steadily with [redacted] privatisation plans, including its jewel, [redacted] Telekom, the telecommunications monopoly. The [redacted] governments, as well as [redacted] authorities, [redacted] showing [redacted] less enthusiasm, [redacted] the [redacted]ble exception [redacted]

The privatisation process [redacted] Telekom, [redacted] at [redacted] DM40bn ($23.20bn) and DM60bn, is at the point of decision. Cross-party [redacted] is necessary to change the constitution, as it will be to sell the 51 per cent stake the [redacted] still holds in Lufthansa, the loss-making national airline. In both cases, it is [redacted] so much [redacted] future ownership [redacted] the assets that [redacted] holding up the [redacted] over the jobs [redacted] pen[redacted] employees.

The government's [redacted] success [redacted] been in selling [redacted] and pieces [redacted] the portfolio, rather than [redacted] line-catching jewels. In December, [redacted] sold its remaining [redacted] of [redacted] Industrieverwaltungsgesellschaft (IVG), a property holding company, for [redacted]

The [redacted] plans [redacted] are [redacted] government publishing venture, Bundesanzeiger Verlagsgesellschaft, motorway service stations (Autobahn [redacted] und Tank AG) [redacted] Rhein-Main-Donau AG, [redacted] the Rhine-Main-Danube canal, jointly owned [redacted] Bavaria.

The latter [redacted] promised to dispose [redacted] some DM2bn of [redacted] assets, with a [redacted] already [redacted] sale of Bayernwerk, Germany's third-largest electricity utility. Other plum state shareholdings under fire include Lower Saxony's 20 per cent holding in Volkswagen, and North [redacted] per cent stake [redacted] the Westdeutsche Landesbank, the most acquisitive [redacted] Germany's public sector banks. Neither of [redacted] Democrat-ruled states [redacted] any sign of [redacted]ing [redacted] dispose [redacted] their [redacted] investments, [redacted] spite [redacted] acute financial squeeze [redacted] all their exchequers.

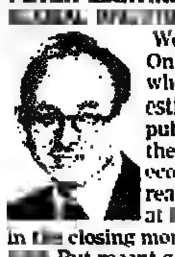
ITALY: [redacted] false starts, Italy's [redacted] privatisation [redacted] begun in [redacted] last [redacted] The list [redacted] assets [redacted] covers [redacted] most successful subsidiaries of the big Iri [redacted] Eni [redacted] holding companies.

Disposals began [redacted] in 1993, [redacted] the privatisation of Credito Italiano, Italy's seventh-biggest bank, raising about L1,750bn ($1,031.83m). In December, Eni [redacted] with

Continued on [redacted]

Markets this week

PETER MARTIN:
[redacted]



We will know On Friday, when the GDP estimates are published, if the US economy was really growing at [redacted] per cent in [redacted] closing months of [redacted] But recent geological and meteorological events mean that we don't have much idea about the first quarter of 1994. **Page 16**

PETER NORMAN:
ECONOMICS NOTEBOOK

Little has been heard of late from the Group of Seven industrialised nations. But it could find an important role in [redacted] new debate about the worldwide impact of [redacted] rises. **Page 16**

[redacted]
Dealers [redacted] asking whether Danish bond yields will fall below German yields after last week's cut in Denmark's discount rate. **Page 18**

Wall Street:
Simple faith in the staying power of current fundamentals – strong growth, low inflation and stable interest rates – resulted in a nearly perfect string [redacted] sessions last week. **Page 21**

Emerging markets:
The collapse of Venezuela's second-largest commercial [redacted] questions about other Latin American banks. **[redacted] 17**

[redacted]
The [redacted] likely [redacted] the focus of [redacted] with the [redacted] economy, political uncertainty and a continuing trade dispute with [redacted] US. **Page 25**

STATISTICS

This week: Company news

IBM

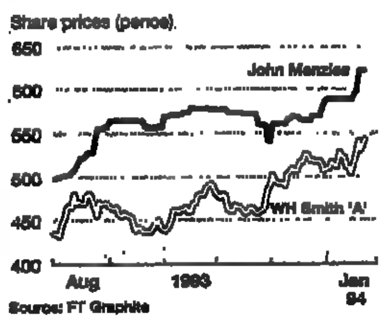
Reasons for Big Blue to feel more cheery

It's far too soon [redacted] cheer [redacted] recovery at International Business Machines, but the stock market expects hard evidence in Tuesday's results that Big Blue is beginning to lose the worst of its big blues. For Mr Louis Gerstner, appointed to "the toughest job in corporate America" just under a year ago, the results will be the first [redacted] of the [redacted] of a recovery st[redacted] that has often seemed understated if not invisible.

The principal task has [redacted] to begin the [redacted] of [redacted] designed [redacted] sell mainframe computers at high gross profit margins [redacted] an organisation [redacted] survive on [redacted] low margins typical of the personal computer [redacted] Mr [redacted] has already grouped mainframes, minicomputers and workstations together and placed a new emphasis on "client server" computing in [redacted] manner that would have been heretical in the old IBM.

He has installed a number of former colleagues in top jobs at the company, which traditionally would only [redacted] filled by IBMers. Aware, no doubt, of his lack [redacted] detailed [redacted] processing industry knowledge, [redacted] has appointed Mr James Cannavino, who has run both IBM's mainframe and personal computer operations, as [redacted] strategist.

The bloodbath in the industry continues, however, and revenues [redacted] likely [redacted] flat at around $63bn. But with the bulk of the restructuring charges out of the way, the scene should be set for 2-3 per cent growth [redacted] year, about half the industry [redacted] Earnings per share of about 63 cents are predicted for the final quarter of 1993, giving a full-year [redacted] of 8 cents per share against [redacted] surplus, before restructuring charges and tax, of $2.36. IBM UK was the company's blackest spot last year. Its performance in 1993 may be [redacted] litmus test of IBM's recovery.



Source: FT Graphite

W.H. SMITH/MENZIES

Looking back to get future in the frame

Two [redacted] the [redacted] largest [redacted] books, stationery [redacted] music retailers – John Menzies and W.H. Smith – [redacted] expected to announce increases in interim profits this [redacted]

[redacted] the Edinburgh-based retail and wholesale group, [redacted] expected today to announce increased profits for the six months [redacted] from £3.8m ($5.62m) to between £4.1m and £5m.

[redacted] with [redacted] announcing results, however, analysts are at least as interested in what it has to say about the Christmas trading period. They expect [redacted] reasonably strong performance [redacted] Early Learning Centre, Menzies' [redacted] toyshop chain, but [redacted] trading from [redacted] chain, though [redacted] are expected to have risen by up [redacted] 4 per [redacted]

W.H. Smith reports on Wednesday, and profits are expected to be up from £40.2m [redacted] the six months to November. [redacted] for the first half may be flattered somewhat by weak comparatives from the year before, with the second half comparatives getting [redacted] But strong trading is expected both in the first half and over Christmas from the UK retailing and distribution businesses, with sales rises possibly into double digits. Analysts suggest results from the [redacted] where Smiths has two Waterstones bookshops and [redacted] chain of hotel and airport kiosks, may be [redacted] good [redacted] hoped.

OTHER COMPANIES

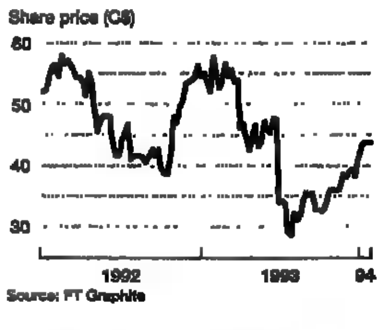
Turnaround expected at Northern Telecom

[redacted] Telecom, the Toronto-based telephone equipment maker, will report [redacted] earnings tomorrow. Northern ran up [redacted] US$1bn in the [redacted] nine months [redacted] year, but [redacted] forecast a return [redacted] profitability in the fourth quarter. Investors have anticipated a [redacted] by driving up Northern's share price on [redacted] Toronto [redacted] exchange from [redacted] low [redacted] C$27.50 in mid-1993 [redacted] C$43.25 [redacted] Friday – [redacted] jump of almost 60 [redacted] cent.

■ **US oil sector:** The tumble in the oil price [redacted] last year is unlikely [redacted] make much [redacted] a dent in [redacted] earnings [redacted] integrated oil and [redacted] they report fourth-quarter figures this week. Cheaper oil will [redacted] profit margins in their refining and [redacted] businesses – in some cases more than offsetting lower earnings upstream in exploration and production.

Bouyed by this, and the prospect of benefits from cuts in costs, Mr Paul Ting of Oppenheimer in [redacted] York has raised his fourth-quarter earnings [redacted] a number of [redacted] majors: Amoco to 83 cents [redacted] share, Chevron to $1.60 [redacted] share, Exxon to 96 cents a share, Mobil [redacted] $1.40 a [redacted] to 87 cents a share.

■ **Lonrho:** Annual [redacted] for the [redacted] September 30 [redacted] first it [redacted] published since [redacted] Dieter Bock, its German joint chief executive, started [redacted] process of making [redacted] international trading group a "more normal company", in his words. Last autumn, [redacted] succeeded in having non-executives appointed to the board for the first time in 20 years and in setting up an audit [redacted] review auditing procedures [redacted] financial performance.



Source: FT Graphite

The figures will therefore [redacted] particular interest [redacted] see if [redacted] audit [redacted] apparent - and whether the company [redacted] tell-tale [redacted] Mr [redacted] his fellow joint chief executive, Mr Tiny Rowland. Analysts [redacted] that profits from ongoing businesses doubled [redacted] year [redacted] around £80m and that the figure including gains from disposals could [redacted] high [redacted] £140m.

■ **Next/Burton:** [redacted] spate [redacted] UK retailers' [redacted] trading [redacted] draws to a close this week with [redacted] expected from fashion [redacted] Burton and Next [redacted] Thursday. Analysts are expecting only a moderate [redacted] in sales [redacted] Burton, with a stronger performance from department store group Debenhams than from [redacted] high [redacted] chains. They are also nervous that earlier hopes of margins being held may not be fulfilled. Next is thought [redacted] have had a strong Christmas, with sales up by as much as 15 per cent.

Companies in this [redacted]

Amdahl	[redacted]	Elf-Aquitaine	[redacted]	Next/Burton	13
BCH	15	IBM	[redacted]	Northern T[redacted]	[redacted]
BCI	15	Inland Steel	[redacted]	Ortiz-Miko	13
Banque Nat'le Paris	[redacted]	Kellogg	[redacted]	Renault	[redacted]
[redacted]	[redacted]	Lonrho	15	Rhône Poulenc	13
Deutsche Telekom	13	MCI	13	[redacted]	15
[redacted] Printing	13	Moore Corp	[redacted]	US Steel	13
			[redacted]	Union des [redacted]	13
			[redacted]	Vontobel	15

Wainhomes heads for market with £90m tag

By Andrew Taylor, Construction Correspondent

Wainhomes, [redacted] of [redacted] largest housebuilders in the UK, is poised to announce plans for a [redacted] market listing, together with an [redacted] for sale [redacted] money for expansion.

The [redacted] has [redacted] to [redacted] decided, but [redacted] is expected to value [redacted] about £90m.

It will be [redacted] in a [redacted] of [redacted] raisings by large and medium-sized housebuilders seeking to exploit [redacted] in the private housing market.

Nearly [redacted] was [redacted] by UK [redacted] from rights [redacted], mostly [redacted] buy land. Last [redacted] Crest Nicholson, [redacted] Surrey-based [redacted] announced [redacted] it [redacted] raising £19.1m from [redacted] 1-for-4 [redacted] at [redacted].

[redacted] formed in 1989 by [redacted] three privately [redacted] operating mainly in north-west England. [redacted] Whel[redacted], a former housebuilding subsidiary [redacted] Christian Salv[redacted] in Chester; [redacted] homes, [redacted] in [redacted] and Lanley which oper[redacted] in the [redacted].

The merged [redacted] proved resilient during the recession, with pre-tax [redacted] falling [redacted] for the year to March 31 [redacted] with a peak of [redacted] during [redacted].

The [redacted] is expanding into other regions, including Yorkshire, Hampshire [redacted] the south-east [redacted].

[redacted] the [redacted] likely to [redacted] for [redacted] 200 [redacted] built during [redacted] 12 months [redacted].

Analysts expect pre-tax profits to [redacted] turnover likely [redacted].

[redacted] borrowings of £12m, representing gearing [redacted] per cent, are expected [redacted] wiped [redacted] following the [redacted] for sale. [redacted] leave [redacted] group in a strong position [redacted] landholdings of [redacted] plots, [redacted] the [redacted] level [redacted] equivalent to just under [redacted] years' supply.

[redacted] has concentrated on buying [redacted] sites, [redacted] attractive [redacted] large volume builders. [redacted] believes [redacted] approach [redacted] to [redacted] better margins [redacted] providing [redacted].

[redacted] own [redacted] of [redacted]. Another [redacted] belongs [redacted] family [redacted] of Mr [redacted] Ainscough, [redacted] the original [redacted] business. Mr Trevor Hemmings, former [redacted] of Lanley, [redacted] 17 [redacted] and [redacted] per cent is held by for[redacted] of Welmar, [redacted] acquired [redacted] buy-out [redacted].

Following [redacted] offer [redacted] listing, Mr Gavin [redacted], vice chairman of [redacted] Newcastle brewery [redacted] is expected [redacted]. Mr Ainscough will [redacted] deputy chairman. Mr [redacted] Smith will [redacted] chief executive.

Eurotunnel in issue to Bombardier

Eurotunnel, operator of the Channel tunnel, is to seek the approval of shareholders in its British and French companies for a further share issue to Bombardier International, the Canadian manufacturer of its rolling stock, writes Charles Batchelor.

Up to 25m Eurotunnel shares were allotted to Bombardier in December under the settlement of its claim against Transmanche Link, the main contractor for the tunnel, for costs arising from changes in the rolling stock design.

The French arm of Eurotunnel, Eurotunnel SA, will hold an extraordinary meeting to discuss the latest share issue on January 31, while the UK arm, Eurotunnel, will hold its meeting on February 17.

In the "very likely event" that the 50 per cent quorum for the French company is not met, its meeting will be adjourned until February 17 to coincide with the UK meeting.

The share issue is intended to tie Bombardier's fortunes to those of the tunnel.

ESC Wagons, the company created by Bombardier to [redacted] the [redacted] also to receive FFr700m (£80.4m) in phased cash payments.

On Friday Eurotunnel's [redacted] closed [redacted].

All eyes on a regional success

Raymond Snoddy on Midland Independent Newspapers' flotation plan

M[redacted] Independent Newspapers, which publishes [redacted] Birmingham [redacted] and Mail, [redacted] hoping [redacted] raise more than £100m in a [redacted] planned for March.

Although [redacted] price has yet [redacted] set, [redacted] hope is [redacted] regional [redacted] group [redacted] in a [redacted] buy-out in 1991 will be capitalised at more than £150m.

The announcement today of the flotation by way of a placing and public offer covering more than 50 per cent of the shares, will be accompanied by results for the year to December showing group turnover on continuing operations [redacted] £70.7m, [redacted] previously.

The [redacted] will [redacted] report operating profit [redacted] continuing operations [redacted] exceptional expenses (mainly [redacted] on the MBO finance) of £15.2m, compared with £13m.

The management team of six which, led by Mr Chris Oakley, the chief executive, organised the buy-out from Ingersoll Newspapers, will share equally in 7.5 per cent of the equity. The stake could rise to 17.5 per cent, depending [redacted] performance until June 1996.

The flotation will almost certainly create six [redacted] per industry millionaires, [redacted] least on paper.

The flotation, the first totally regional [redacted] group to come to the [redacted] exchange for a number of years, is likely to focus attention on the regional newspaper industry.

Although sales of regional newspapers have been in gradual decline – [redacted] dropped from 17.4m in 1981 to 13.8m in 1992 – well managed companies have been increas[redacted] profit margins.

[redacted], MIN [redacted] has increased operating profit margins on continuing operations from 8.9 per cent in 1991 to 21.4 per cent.

All six members of the management team at Birmingham have worked in newspapers all their lives and had often felt constrained in trying out new ideas while working for other groups.

"We knew what to do to get [redacted] down, but [redacted] thought [redacted] knew [redacted] to [redacted] build [redacted] and sales given the right policy. We were at [redacted] day (of taking over)," [redacted] Mr Oakley.

The group has also pursued a strategy of expansion into the East Midlands, so that it can offer advertising coverage of the entire region.

Last year [redacted] acquired [redacted] weeklies from Thomson regional group, ranging from Derby [redacted] Northampton. The papers had been losing £2m [redacted] year.

"We [redacted] them profitable from [redacted] we owned them," [redacted] Mr Oakley, who [redacted] from the Birmingham Post [redacted] and soon after became managing director.

MIN's [redacted] mostly [redacted] circulation last year, but the fall was below the industry average of between 3 and 4 per cent.

The Evening Mail at 205,000 was down just under 3 per cent for the year, the Birmingham Post circulation rose nearly 1 per cent to 26,000, the Sunday Mercury lost 2.5 per cent to 150,000 and the Coventry Evening Telegraph dropped just under 2 per cent to 88,000.

Apart from cutting costs, setting tough advertising targets and pushing ahead with geographical expansion throughout its region, the MIN management has developed a range of new publications from What's On titles to county magazines.

"[redacted] locking up [redacted] place. What [redacted] are trying to do everywhere is to have a whole range of products to give advertisers a choice," [redacted] MIN [redacted] executive explained recently.

The choice includes being [redacted] deliver leaflets, [redacted] logues and [redacted] even products such [redacted] chocolate bars [redacted] home in the region.

James Capel, broker to the issue, which is being sponsored by Morgan Grenfell, is publishing research on the regional newspaper industry this week. It forecasts substantial profits growth in [redacted] short term as [redacted] cyclical recovery in advertising, particularly classified, gets under way.

The stockbroker believes that in the longer term the sector remains attractive, despite growing competition from the electronic media, because barriers to entry are high and competition though fierce is rational.

On MIN itself James Capel says the company enjoys a dominant market position in Birmingham and Coventry and "is [redacted] good way of getting exposure [redacted] the UK regional newspaper industry."

Mr Oakley is already looking beyond the flotation and considering expansion outside the [redacted] find [redacted] right acquisitions. "We believe we could go to Swindon, or Darlington or York and produce 20 per cent-plus profit margins," he [redacted]

Coda banks on 'open' systems

By Alan Cane

Coda, the Harrogate-based software [redacted] coming [redacted] main [redacted] early in February, [redacted] hoping that an early move [redacted] "open" systems will propel [redacted] front of [redacted] international accountancy [redacted] field.

Open [redacted] a specific industry standard; it will run [redacted] computer or computer [redacted] which complies with [redacted] standard. It [redacted] being demanded increasingly by customers.

[redacted] ranks 14th in [redacted] dominated by [redacted] large US companies Dun [redacted] Bradstreet Software [redacted] Computer Associates [redacted] the fast-growing German challenger, SAP.

According [redacted] IDC, [redacted] marketing consultancy which [redacted] piled the list, no other player has more than [redacted] per [redacted] Coda has 1 per cent.

"We [redacted] fourth," [redacted] Mr Rodney Potts, co-founder [redacted] chairman "[redacted] fourth." To [redacted] will have [redacted] companies including JD Edwards, [redacted] Interactive, [redacted] Systems [redacted]. Last [redacted] Coda [redacted] a pre-tax profit [redacted] on [redacted] of [redacted].

The prospectus [redacted] published today [redacted] run up [redacted] the placing, [redacted] provide the best part of £25m, less expenses, [redacted] in research [redacted] development and geographical expansion. Warburgs [redacted] managing [redacted] placement.

The UK [redacted] seeing something of a renaissance in [redacted] development of accountancy packages. Sage has [redacted] itself [redacted] leader in personal computing packages, [redacted] Quality Software Products continues to show promise in very large scale modular packages.

Coda's product, featuring [redacted] fully-integrated unified database, [redacted] at companies turning over [redacted].

[redacted] by developing [redacted] for three mid-range computer families: Hewlett Packard, Digital Equipment [redacted] International Business Machines.

In 1990, it began to develop an open systems version and now claims it is its most highly featured product.

Expenditure on research [redacted] development [redacted] about [redacted] cent of turnover, which is written off [redacted] year [redacted] incurred.

Coda's second strategic aim is to develop critical mass in key international markets. It sells only through wholly owned subsidiaries, rather than dealers.

[redacted] Potts [redacted] critical mass as a sound, locally recruited, management team, 20 staff, up to 40 customers and between £2m and £3m [redacted].

[redacted] US accounts for 46 per [redacted] of [redacted] sales.

Ladbroke £82m HK bonus

By Peggy Hollinger

Ladbroke, the leisure [redacted] property group, is to reap an £82m windfall this year from [redacted] early [redacted] of a [redacted]agement contract for its Hilton hotel in Hong Kong.

The funds will be used to reduce the UK group's £1.3bn [redacted]ebt. Ladbroke has already announced its intention to withdraw [redacted] property, valued in the books at £860m, to cut borrowings.

Ladbroke said yesterday that Hutchison Whampoa, the Hong Kong conglomerate [redacted] owns the hotel, had offered to pay $125m in compensation for the management contract. The proceeds will be included as an exceptional profit [redacted] group's results for 1994.

The Hong Kong Hilton had been one [redacted] Ladbroke's most profitable management deals, and was due to run for [redacted] 20 [redacted].

[redacted] December 31, the hotel contributed man[redacted] fees of $6m. The contract is due to expire before the end of [redacted] January, when "Hutchison Whampoa will . . . review [redacted] evaluate [redacted] future," Ladbroke said.

Hutchison Whampoa is believed to be considering [redacted] sale of the centrally located site, [redacted] the buoyant property market in Hong Kong. An alternative use of the site [redacted] been im[redacted] due to the conglomerate's obligation [redacted]roke.

CROSS BORDER [redacted] DEALS

BIDDER/INVESTOR	TARGET	SECTOR	[redacted]	[redacted]
[redacted] (UK)	[redacted] (France)	Drinks	£902m	Restructuring LVMH alliance
[redacted] Goenka [redacted]	[redacted] ICI [redacted]	Fertiliser	£25m	ICI India refocusing
[redacted] Entertainment (US)	Virgin Interactive Entertainment (UK)	Computer games	[redacted]	Building block stake
[redacted] (UK)	[redacted] (France)	Confectionery	£18.4m	Strengthening market position
Albert Fisher (UK)	Fresh [redacted] (US)	Food	£17m	Complementary purchase
Triton [redacted] (US)	Triton-Europe (UK)	Oil & gas	[redacted]	Offer for outstanding stake
[redacted]	ACT [redacted] (UK)	Computer services	£6m	ACT refocusing sale
NFC (UK)	Transports Leriдon (France)	Transport	£2.7m	Cash deal
Winterthur (Switzerland)	DBV Holdings (Germany)	Insurance	n/a	Another try for German base
Sphinx (Netherlands)	Gustavsberg (Sweden)	Sanitary equipment	n/a	Sphinx doubling size

Decline in profits slows at Banco Central Hispano

By Tom Burns in Madrid

Banco Central Hispano, Spain's [redacted] bank in terms of assets, [redacted] net group profits [redacted] minorities drop by 8 [redacted] last [redacted] to Pta48.4bn [redacted]. The bank claimed it had turned round the balance sheet after sustaining a 22 per cent fall in group income in 1992.

[redacted] results, which were ahead of analyst estimates, were the most keenly awaited among those of Spain's top financial [redacted] following the [redacted] by the [redacted] at [redacted] Banesto at the end of last year.

Pointing to the group's continued weakness in the basic lending business, BCH's net interest income shrunk by [redacted] per [redacted] to Pta299bn, [redacted] operating profit margin, including [redacted] the group called [redacted] operations, rose by 11.8 per cent to [redacted].

Financial operations, understood [redacted] mainly foreign [redacted] and public debt dealings, earned the group Pta81.5bn, against [redacted] in 1992.

However, this [redacted] essentially a non-recurring item because it was [redacted] in the exceptional [redacted] sharp falls in interest [redacted] and [redacted] a rapidly weakening peseta during [redacted] year's European currency turmoils.

Net profits [redacted] BCH, which [redacted] absorbing the impact of the 1991 merger between Banco Central [redacted] Hispano Americano that created the group, [redacted] not expected to [redacted] until next year.

The [redacted] operating profit, however, showed [redacted] strong [redacted] Pta172bn which allowed BCH [redacted] aside Pta110bn for non-performing loan provisions, up from [redacted] Pta86.4bn [redacted] for bad debts in [redacted].

[redacted] from provisioning, BCH's balance [redacted] was penalised by [redacted] per [redacted] fall in [redacted] to [redacted] from [redacted] group's industrial assets, which include [redacted] the recession-hit domestic [redacted] my's top companies, [redacted] by [redacted] 12 [redacted] cent fall [redacted] Pta41.6bn in extraordinary [redacted] through disposals.

Full-year deficit for Amdahl of $580m

By Louise Kehoe in San Francisco

Amdahl, the [redacted] puter company, reported continuing [redacted] for its fourth quarter as it struggled to adjust [redacted] weak demand and fiercely competitive pricing in the market [redacted] IBM-compatible mainframe computer systems.

Fourth-quarter [redacted] were [redacted], or [redacted] share, on revenues of $443m. In the [redacted] period [redacted] the [redacted] income of $2.4m, or [redacted] share, and revenues of $745m

For [redacted] year, including third-quarter pre-tax [redacted] uring charges of $478m, net losses were $580m, or $5.09 a share, on revenues of $1,68bn. In 1992, Amdahl incurred pre-[redacted] workforce [redacted] charges of $25m and suffered a [redacted] of $7m, or 6 cents per share, on revenues [redacted] $2.5bn.

Fujitsu of Japan, [redacted] holds [redacted] in Amdahl, has agreed to provide [redacted] company [redacted] $100m in low-interest loans, according [redacted] reports [redacted] Japan – which [redacted] say Fujitsu [redacted] provide [redacted] with high-speed work [redacted] sold [redacted] the [redacted] name.

This month, [redacted] announced an agreement with Fujitsu jointly [redacted] develop [redacted] new generation of mainframe computers. The agreement [redacted] reduce research and development costs, it said.

China loosens foreign bank rules

By Tony Walker in Beijing

Foreign [redacted] are to [redacted] allowed [redacted] conduct yuan-denominated [redacted] an "experimental basis" in [redacted].

Mr P.K. Mathur, [redacted] hattan's [redacted] representative, described [redacted] move, [redacted] was welcomed by Western bankers, as a "[redacted] step [redacted] the right direction".

Previously, foreign [redacted] branches [redacted] effectively [redacted] shut out of [redacted] currency market.

Friday's announcement, in [redacted] communiqué [redacted] after a meeting in Beijing of [redacted] Joint [redacted] Committee (JEC), is [redacted] the scramble by foreign [redacted] gain a [redacted] in China.

[redacted] Zhongli, China's [redacted] minister, told Mr Lloyd Bentsen, the visiting [redacted] treasury secretary, that Beijing would allow foreign banks [redacted] in yuan [redacted] open additional "major cities" to foreign financial institutions.

Foreign bankers [redacted] the [redacted] to move cautiously because of concerns [redacted] China's debt-ridden and under-capitalised state-run banks would [redacted] hard-pressed to compete with foreign institutions.

Foreign branches [redacted] likely [redacted] restricted to accepting yuan-denominated deposits from existing customers. Lending in local [redacted] joint [redacted] would be permitted on a limited basis.

About 60 foreign branches and six joint-venture banks and finance houses have been established in China since a gradual reform of the banking system began in the early 1980s.

[redacted] foreign bank presence has been largely restricted to [redacted] cities [redacted] special [redacted] nomic zones, including Shanghai, Guangzhou, Tianjin [redacted] Dalian, but it [redacted] likely that branches will be permitted in major inland [redacted] such as Wuhan and Shenyang. Beijing itself has been [redacted] foreign [redacted].

Chinese officials are also saying that restrictions on foreign insurance companies will be eased. At present, only one foreign company, American International Group, [redacted] been permitted [redacted] establish a presence in China.

Mr Chen Yuan, a deputy governor of the People's Bank, China's central bank, told [redacted] Sino-US joint economic committee that [redacted] additional "one or two" foreign insurance companies would be allowed [redacted] enter the domestic market.

However, Mr Chen warned that it would "take time" for China [redacted] work out [redacted] plan [redacted] foreign financial organisations [redacted] conduct yuan business. He said that the time was not yet ripe to [redacted] the securities market to foreign companies since further work was needed on securities regulations.

The Chinese official said the [redacted] Council, China's cabinet, [redacted] recently approved regula-[redacted] governing the management of foreign financial institutions, and these were expected soon [redacted] be made public after further revision.

BCI to step up control of French unit

Banca Commerciale Italiana will [redacted] nearly [redacted] control of [redacted] 48-per [redacted] unit Banque Sudameris as a [redacted] Dresdner Bank, Banque Indosuez, [redacted] Union [redacted] of [redacted] pulling out, Reuter reports from Paris.

Dresdner, UBS, Paribas and Cie de Suez's Banque Indosuez each have [redacted] of Banque [redacted].

Sudameris [redacted] shareholders [redacted] planning [redacted] give up [redacted] participations [redacted] Banca [redacted] Italiana, through [redacted] wholly [redacted] subsidiary Comit Holding International, would increase [redacted] own to take majority control.

Banque Sudameris, [redacted] French [redacted] main [redacted] in Latin America, said it would [redacted] a capital [redacted] through [redacted] buy-back, [redacted] shareholders' meeting [redacted] February 23.

[redacted] official [redacted] the bank would buy in [redacted] four [redacted] them, leaving BCI with [redacted] per [redacted]. The price of [redacted] buy-back would [redacted] announced later. The bank's total assets [redacted] FFr26.37bn ($4.51bn) [redacted] with [redacted].

The Italian government plans to privatise BCI next month.

Trizec makes further provisions of C$287m

By Bernard Simon in Toronto

Trizec, the Calgary-based property development group which is in [redacted] restructuring exercise, [redacted] further write-downs [redacted] the slump in [redacted] North American commercial real [redacted].

[redacted] provisions [redacted] loss [redacted] C$312m [redacted], or C$1.57 per share, despite [redacted] in [redacted] income.

The [redacted] C$544m, [redacted] C$3.28, [redacted] largely [redacted] of [redacted] investment in Bramalea, another financially [redacted] developer which was restructured last year.

Trizec, controlled by [redacted] branch of [redacted] Bronfman family, submitted [redacted] debt-restructuring proposal [redacted] August.

[redacted] is expecting [redacted] response from a crucial group [redacted] senior debenture holders in [redacted] future. In the meantime, it has suspended all principal and interest payments.

Trizec has total [redacted] of C$4.8bn. [redacted] two-thirds is held by operating subsidiaries [redacted] is not included in the recapitalisation [redacted].

● Moore Corp, the [redacted] maker, will eliminate [redacted] jobs worldwide [redacted] it restructures [redacted] expands into information services, writes [redacted].

The [redacted] restructuring will result in [redacted] after-[redacted] charge against fourth-quar-[redacted] earnings, which will result in [redacted] reporting [redacted] for [redacted].

Moore, with annual [redacted] of US$2.5bn, [redacted] plants [redacted] 57 countries [redacted] employees. Its biggest [redacted] is [redacted] US.

The [redacted] business [redacted] hit by [redacted] electronic revolution. Plants will [redacted] in several countries, though [redacted] specific.

One-quarter of [redacted] restructuring will [redacted] European [redacted] but [redacted] major impact will come [redacted] the [redacted] order management system [redacted] revamped [redacted] cut overheads.

● Canada's [redacted] capitalised on the domestic success of its innovative ice-brewed beer by licensing [redacted] process [redacted] Coors, [redacted] third-biggest [redacted] brewer.

Coors [redacted] will [redacted] ice-brewing [redacted] produce [redacted] brand, known as Coors Arctic Ice, to be launched in nine US states in mid-Febru-[redacted].

Zurich bank raises pay-out

[redacted] Ian Rodger in Zurich

[redacted] J Vontobel, the Zurich private bank, reported [redacted] profits [redacted] SFr33.1m ($22.80m) for [redacted], double [redacted] SFr15.9m earned [redacted] 1992, thanks [redacted] booming profits from securi-[redacted] and higher commissions.

[redacted] bank, the principal [redacted] sidiary of quoted [redacted] Holding, proposes to raise its ordinary dividend [redacted] per cent [redacted] and pay an extraordinary SFr12m dividend [redacted] result of the [redacted] performance.

Kellogg lifts fourth-quarter earnings

By Richard Tomkins in New York

Kellogg, the US maker of ready-to-eat cereals, [redacted] competitive threat [redacted] unbranded rivals [redacted] net profits by 17 per [redacted] to $149.9m in its fourth quarter. Earnings per share [redacted] by 22 per [redacted] cents.

However, the quarter's performance outshone [redacted] full year's. [redacted] income of [redacted] in [redacted] slightly [redacted] previous year's $682.8m (the latter figure excluding the [redacted] of accounting changes).

[redacted] Kellogg [redacted] that [redacted] all unusual gains and losses [redacted] from [redacted] figures, [redacted] income [redacted] have [redacted] per [redacted] ahead.

Mr Arnold Langbo, chairman [redacted] chief executive, [redacted] been achieved amid unprecedented competitive activity, [redacted] recessionary conditions in several important markets, and unfavourable currency exchange [redacted].

[redacted] volumes of ready-to-eat cereals continued to grow during the year, particularly during the fourth quarter, Mr Langbo said. But [redacted] warned [redacted] growth pattern shown in the fourth quarter [redacted] not necessarily [redacted] good guide [redacted] long-term performance.

"Our advertising and promotion investment [redacted] during the fourth quarter due to extremely competitive conditions in the US and [redacted] high level of marketing activity internationally," [redacted] explained.

"We [redacted] no let-up in competitive intensity in 1994. We are committed to meeting all competitive challenges, but hope [redacted] moderate promotional spending in the US."

In the fourth quarter Kellogg authorised further share buybacks of $300m this year.

New future for Europe's state-run groups

Continued from Page 13

[redacted] Nuovo Pignone engineering arm for about L1,100bn.

[redacted] focus [redacted] year [redacted] the banking sector. On January 31, [redacted] treasury [redacted] about [redacted] controlling stake [redacted] Italiano, [redacted] big Rome-based [redacted] for [redacted] L2,200bn.

[redacted] Commerciale Italiana, another IRI-controlled bank, [redacted] in February. IRI [redacted] dispose of its entire 57 per cent stake, valuing [redacted] transac-[redacted] at about L2,500bn.

[redacted] remaining deals are less [redacted]. Investors should be [redacted] a first tranche of shares in the big [redacted] life insurance [redacted] by [redacted] of [redacted] year. [redacted] 1994 should close [redacted] the [redacted] of [redacted] first [redacted] of shares in [redacted] Italy's electricity generating authority.

The timing for privatisations scheduled for [redacted] less [redacted] tain. According [redacted] the treasury's forecast, [redacted] year [redacted] bring [redacted] disposal of much of the [redacted] telecommunications [redacted] restructured into Tele-[redacted] Italia, [redacted] of [redacted] large proportion [redacted] Eni's oil and [redacted] activities, probably under [redacted] well-known Agip banner.

The [redacted] have [redacted] panied by [redacted] stimu-[redacted] popular share ownership and increase liquidity [redacted] the relatively small Milan bourse. Not all these plans have been successful. But probably the biggest stimulus has [redacted] from outside the government's orbit. [redacted] fall in [redacted] worldwide has revived interest in the equity market, pumping billions of lira into equity [redacted] leading [redacted] a much greater public [redacted] of the potential attractions of the bourse.

PORTUGAL: The weight of state-owned companies in the Portuguese [redacted] by the [redacted] the cur-[redacted] term of Mr Anibal Cavaco Silva, the prime minister, ends in October [redacted]. The main [redacted] is [redacted] Communist-led nationalisations that turned key industries and almost all the financial sector [redacted] control following the 1974 revolution.

A key aim of the centre-right government is to promote the growth of private Portuguese entrepreneurial groups. It has imposed limits [redacted] around 25 per cent on foreign holdings in most privatised companies.

Forthcoming privatisations include the second phase of the sale of the state oil company Petrogal, [redacted] Mayor and the steel company Siderurgia Nacional.

GREECE: Greece's privatisation programme has been thrown into disarray by the victory of Mr Andreas Papandreou's [redacted] government in [redacted] year's elections. [redacted] renationalisation is expected. However, the Socialists called [redacted] the proposed sale of [redacted] 35 per cent stake in OTE, the tele-[redacted] company, and have frozen agreements with foreign financial advisers.

Reports [redacted] Tony Jackson [redacted] London, John Ridding in Paris, Quentin Peel in Bonn, Haig Simonian in Milan, Peter Wise in Lisbon and Karen Hope in Athens.

[redacted] WORLD CURRENCIES

The table below gives the latest available rates of exchange (rounded) against four key currencies on Friday, January 21, 1994. In some cases the rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

		£ STG	US $	D-MARK	YEN (X 100)
Afghanistan	(Afghani)	2721.68	1820.82	1041.91	1637.1
Albania	(Lek)	164.45	110	62.9946	98.9172
[redacted]	(Dinar)	36.0266	24.1057	12.7956	[redacted]
Andorra	(Fr Fr)	[redacted]	5.9829	3.3954	[redacted]
	(Sp Peseta)	[redacted]	[redacted]	81.8611	[redacted]
Gambia	(Dalasi)	[redacted]	8.3491	4.7783	7.5079
Germany	[redacted]	2.6122	1.7472	1	1.5712
[redacted]	(Cedi)	1228.64	821.357	470.423	736.152
Pakistan	[redacted]	45.1472	30.1667	17.2832	27.1562
Panama	[redacted]	1.4960	1	0.5723	0.8992
[redacted] New [redacted]	(Kina)	1.4576	0.9749	0.5579	[redacted]
Paraguay	(Guarani)	[redacted]	1791.38	[redacted]	1610.9
Peru	(New Sol)	[redacted]	2.1654	[redacted]	1.9481

Special Drawing Rights January 19, 1994 United Kingdom [redacted] Japan Yen122.761

Abbreviations: (a) Free rate; (b) Banknote rate; (c) Commercial rate; (d) Controlled rate; (e) Essential imports; (f) Financial rate; (g) Exports; (h) Non commercial rate; (i) Business rate; (j) Tourist rate; (k) Luxury goods; (m) Market rate; [redacted] Some data derived from THE WM/REUTERS CLOSING SPOT RATES & Bank of America, Economics Department, London Trading Centre. Enquiries: 071 634 4365/6. Friday, January 21, 1994

THE WEEK AHEAD

UK COMPANIES

■ **TODAY**

COMPANY MEETINGS:
Cosalt, 1 Paternoster Row, St. Pauls, E.C., 12.00
Southern Radio, Radio House, Whittle Avenue, Segensworth West, Fareham, Hampshire, 12.00

BOARD MEETINGS:
Finals:
Domino Printing
GWR Grp.
Interims:
Excalibur
GT Japan Inv. Tst.
Menzies (J)
Mitie

■ **TOMORROW**

COMPANY MEETINGS:
Dundee & London Inv. Tst., Gelsize House, West Ferry, Dundee, 12.00
Leeds Group, Forte Crest Hotel, Bramhope, Leeds, 12.00

BOARD MEETINGS:
Finals:
Ivory & Sime ISIS Tst.
Lonrho
M & G Dual Tst.
[redacted]wick
Interims
Cantors
Clayhithe
Fleming Emerging Markets Inv. Tst.
Monvier-Swain
Murray Smaller Markets

■ **WEDNESDAY JANUARY 26**

COMPANY MEETINGS:
Hanson, [redacted] Hall, [redacted] Centre, E.C., 11.00
New Zealand Inv. Tst, The Great Eastern Hotel, Liverpool [redacted] E.C., 12.30
Prestwick Hldgs., [redacted] Hotel, Ayr, 12.00
Prospect Inds., Ferriby Hall, North Ferriby, North Humberside, 10.30

BOARD MEETINGS:
Finals:
Bullough
Interims:
Govett American Smaller Co's Tst.
Prism Leisure
Smith (WH)
Stavert Zigomala

■ **THURSDAY JANUARY 27**

COMPANY MEETINGS:
[redacted] House, Bramble Road, Swindon, Wiltshire, 12.00
Burton, London Marriott Hotel, [redacted] Grosvenor Square, W., 11.00
Tate & Lyle, Barbican Hall, Barbican Centre, E.C., 11.30
[redacted]
Finals:
Derby Tst.
Govett Emerging Markets
Gresham Telecomputing
Partridge Fine Arts
Warner Estates
Witan Inv.
[redacted]
Brandon Hire
Farepak
MFI
Misys

■ **FRIDAY JANUARY 28**

COMPANY MEETINGS:
Barcom, Bouverie House, 154, Fleet [redacted], E.C., 10.00
Drayton Recovery Tst., 11 Devonshire Square, 11.45
Tunstall Grp., Whitley Lodge, Whitley Bridge, Yorks., 2.00
BOARD [redacted]
Finals:
Allied Textile
First Philippine Inv. Tst.
Greenfriar Inv.
Interims:
Bailey (CH)
Birkdale Grp.
Cupid
Dyson (J & J)
Goodhead Grp.
Harmony Property
Markheath
SelecTV
Wholesale Fittings
Wintrust

■ **SATURDAY JANUARY 29**

COMPANY MEETINGS:
NFC, Wembley Conference Centre, Wembley, N.W., 11.00

Company meetings are annual general meetings unless otherwise stated.

Please note: Reports and accounts are not normally available until some six weeks after the board meeting to approve the preliminary results.

DIVIDEND & INTEREST PAYMENTS

TODAY

BAA 6.75p
Britannia Bldg. Soc. Sub. FRN's '05 £15351.77
Canon Inc. FRN's '96 Y6746
Chiyoda 6% 4.2% net Prf. 2.1p
Courtaulds 4p
Dorby 0.6p
FKI 1.5p
Harris (Philip) 2.2p
ITOCHU FRN's '97 Y67460
Lewis (J) 10½% Bds. '93 £1337.5
Do. 10½% Bds. 2014
Mitsubishi Electric 6¼% Bds. '97 Y657500
Taylor Ink Mnfg. 7¼ Bds. '92 Y700000
TSB Hill Samuel Bank FRN's '16 $195.98
Treasury 5½% '96 £2.30
Westpac Bkg. A$0.06
Whitecroft 5¼% Prf. 2.55p
Wolverhampton & Dudley Brew. 7.9p
Woolwich Bldg. Soc. FRN's '98 Ecu198.40
YTB Fin (Aruba) AEC Gtd. Sub. FRN's 2003 $1204.73
General [redacted] $0 [redacted]
ITOCHU Fin. (Europe) [redacted] Y8000000
Kingfisher [redacted] 95% Nts. '94 [redacted]
Royal Bk Can. Intl. Bd. Fd. [redacted] Red. Prf. [redacted]
Somtab [redacted] '98 $10.22
TSB Gilt Fd. Ptg. [redacted] Prf. [redacted]
Treasury [redacted]
Do. 13¼% 2000/03 £6.875
York Waterworks 3.3p
[redacted] A 3.3p

■ **TOMORROW**

CPC Intl. $0.32
Debenhams 7¼% Uns. Ln. 02/07 £3.625
Do. 7½% Uns. Ln. 02/07 £3.875

■ **WEDNESDAY**

[redacted] & [redacted] FRN's '96 [redacted] 60
Britannia [redacted] Soc. FRN's '96 £145.88
Co-operative Bk. [redacted] FRN's 2000 £73.25
Cosalt 3.25p
Danka Business Systems 0.75p
Fine Art [redacted] 3.3p
Gen. Motors Acceptance (Canada) [redacted] '94 C$107 [redacted]
[redacted] NV FRN's '94 [redacted]
Gold Fields SA Cnv. Red. Prf. R1.45
Govett Am. Endeavour Fd. $0.0552
Hydro-Quebec FRN's Sers. FY 2002 $242.76
Leeds Group 5.75p
Lloyds Bk. Sers A Var. Rate Sub. Nts. '98 £157.95
Mitsui Intl. (Europe) BV 3.8% Bds. [redacted]
Osborne & Little 2.5p
Sears 12½% [redacted] '96 [redacted]
Treasury 2[redacted] IL '16 £2.1808
Do. 7¾% Ln. 12/15 £3.875
Woolwich Bldg. Soc. FRN's '95 £72 [redacted]

■ **THURSDAY**

Bk Montreal Fltg. Rate Debs. Sers. 10 '98 $[redacted].64
Bank of Nova [redacted] C$0.2[redacted]
Fin. [redacted] Sec. Trans. No. 1 [redacted] Asset-Bkd. FRN's '09 £2000.68
Do. Senior Asset-Bkd. FRN's [redacted] £1155.42
[redacted] FRN's '06 [redacted]
Do. Senior Asset-Bkd. [redacted] £1559.59
Nova 0.1p
Suffolk Water [redacted]

■ **FRIDAY**

Airsprung Furniture 1.7p
Allen 1.65p
Asprey 1.25p
Common. Australia [redacted]% Ln. '10 £6.75
Borthwicks 0.5p
[redacted] Bldg. [redacted] '95 £150.71
[redacted]stol Eve. Post 4.25p
Can. Pacific C$ Prf. C$0.08
Do. Stg. Prf. 0.[illegible]p
Cheam A 4.7p
Do. B 4.7p
De La Rue 6p
Dow Chemical $0.65
Leigh Interests 2.45p
Melville Street Invs. 1.5p
MEPC 14.75p
Moorgate Smaller Tst. 1.5p
Murray Inc. Tst. 2.35p
NMC 1.25p
Northern Investors 1.5p
Paramount 0.15p
Powerscreen Intl. 2p
Redland Cap. 7¾% Cnv. Bds. '02 £77.5
Renold 0.7p
[redacted] 8¾% Ln. 2000 £4.25

■ **SATURDAY**

Throgmorton Dual Tst. 1.75p

■ **SUNDAY**

Eng. [redacted] Scottish Invs. 11% Deb. '14 £5.5
Nationwide Bldg. Soc. [redacted]% IL '21 £2.9601

CONFERENCES & EXHIBITIONS

The Markets

THIS WEEK

Global Investor / Peter Martin

Cloudy picture for US economy

If the [illegible] of the [illegible] week are anything to [illegible] by, US [illegible]omists will have [illegible] adjust the statistics for early [illegible] not just [illegible] the effects of earthquake, flood and [illegible] but also for plagues of locusts and outbreaks [illegible] boils.

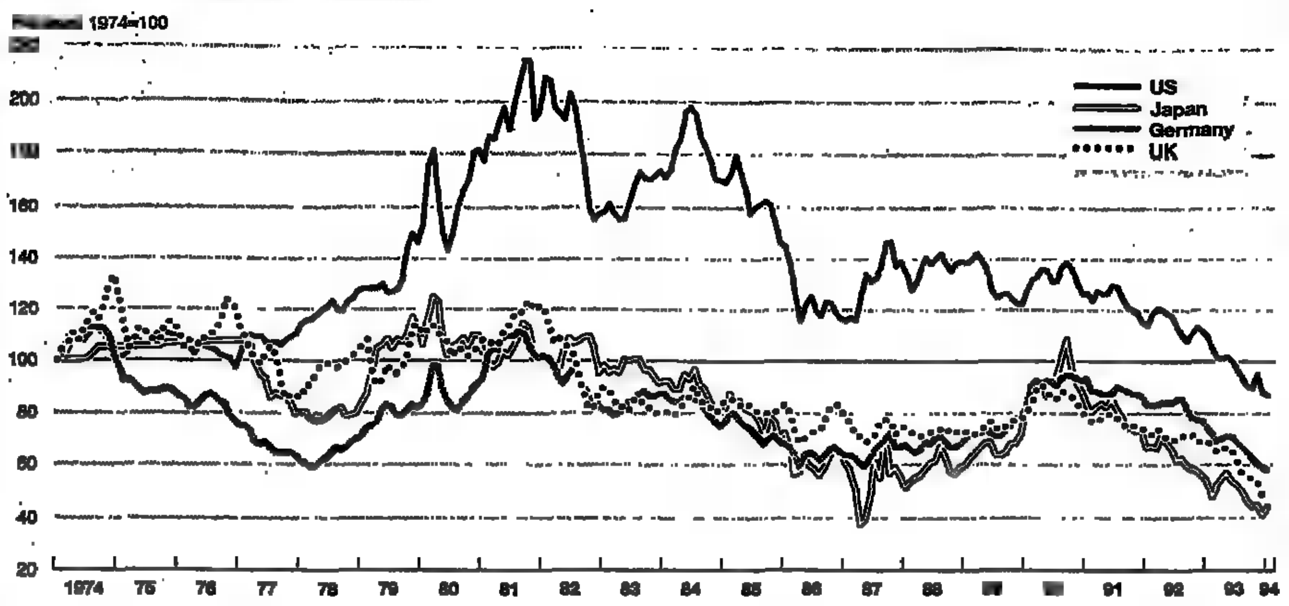
[illegible] will know [illegible] Friday, when [illegible] GDP estimates are published, if the US economy was really growing at [illegible] per cent in [illegible] closing months [illegible] as [illegible] House and [illegible] Treasury have been predicting. But the geological and meteorological events [illegible] that we don't really have much idea about what the [illegible] will be for the first quarter of [illegible].

Locust-adjusted, the US economy is probably still careering along. Mark Turner, who runs Putnam [illegible] global fixed income funds from Boston, offers one of those anec[illegible] which [illegible] always [illegible] more compelling than the dry statistics. When he started to renovate his house [illegible] months [illegible] he [illegible] his builder had [illegible] so-so order book. Now, it's completely filled for the next four years, with a mixture of residential and commercial work.

"Boston was first into the [illegible] slump, and it will probably be the first out," says Mr Turner. That means you can't necessarily generalise to other parts [illegible] the country. But still, the tale is another piece of evidence about the scale of the US recovery.

In manufacturing, for example, we could well discover this spring – divine afflictions permitting – that [illegible] US has enjoyed six months of indus[illegible] output growing at [illegible] annual rate of over 10 per cent. General [illegible] the most diversified of big US companies, reported fourth-quarter earnings from continuing businesses up 22 per cent over the same period the year before.

Bond yields over two decades



Source: Datastream

Despite all this growth, there seems no sign yet of inflationary pressures. Wait till the second half [illegible] year, [illegible] Mr Turner's colleague Jonathan Francis, [illegible] strategist: "That's [illegible] chickens [illegible] going [illegible] roost." [illegible] growth will slow, perhaps to [illegible] per cent. Productivity growth, [illegible] has been swamping [illegible] wage pressures, [illegible] disappear. [illegible] the sharp [illegible] in output of the early part [illegible] year, capacity utilisation will be around the 85 per cent level, the point at which upward pressure on costs and prices usually starts to appear.

"If we're going to see an inflationary threat, it's going to be in the second half of the year," said Mr Turner.

Note that "if". It is what dis[illegible] this bond market rally from its predecessors. At this point in any previous cycle – in [illegible] – there [illegible] been [illegible] "if" [illegible] it. By now, inflationary momentum [illegible]. This time, [illegible] market [illegible] make up [illegible] mind.

■ Back [illegible] 1894

One reason [illegible] tainty, [illegible] on [illegible] week's column, [illegible] the impact [illegible] "globalisation" [illegible] on [illegible] developed economies. At [illegible] micro level, [illegible] shift [illegible] manufacturing [illegible] south-east [illegible] (to [illegible] extent) [illegible] Latin America, promises all [illegible] of disruptions [illegible] western financial markets – [illegible] corporate bond [illegible] just as much [illegible] equities.

[illegible] the [illegible] growth of the [illegible] could bring unalloyed benefits. That, at [illegible] is the conclusion [illegible] by Sushil [illegible] Mustaq [illegible] Goldman [illegible] paper*. [illegible] part [illegible] their [illegible]ment, they return to [illegible] period [illegible] morbid fascination for British economic historians: [illegible] (when Britain produced roughly [illegible] third of [illegible] industrial output) [illegible] 1914 (when [illegible] share had fallen [illegible] only 14 per cent). In the same years, the [illegible] from around 23 per cent to 36 per cent.

For much [illegible] period, [illegible] general price [illegible] fell in [illegible] UK. This, [illegible] "is consistent [illegible] the notion [illegible] global competition exerting a deflationary impact", though they accept [illegible] may [illegible] have been at work, [illegible] behaviour of the [illegible] supply. Throughout those [illegible] a long-run down-trend, [illegible] productivity growth lagged behind that [illegible] Germany and the [illegible]. The striking thing, however, [illegible] that Britain's [illegible]all economic growth rate [illegible] significantly slower, [illegible] 2 [illegible] cent, than in [illegible] of [illegible] earlier part of the century. And in the [illegible] quar[illegible] 19th century, UK equities provided a [illegible] return [illegible] 8 per [illegible] a high figure by any standards.

[illegible] course, [illegible] turn of the century [illegible] equity [illegible] undeveloped, with [illegible] companies in family hands. Still, assuming [illegible] figures [illegible] representative, they lead [illegible] to [illegible] number of interesting conclusions: [illegible] growth in the rest of the world does [illegible] rule [illegible] acceptable growth in mature [illegible]. Global competition may [illegible] hold down developed-country inflation, creating an [illegible] long-run environment for bonds. [illegible] to outperform [illegible] investments, though not by as [illegible] is usual. And though developing [illegible] in general provide better returns, there will be periods when [illegible] markets do better.

■ Plumbers

A clutch [illegible] product announcements from [illegible]lett-Packard last [illegible] symbol[illegible] in which the [illegible]puter industry's old conventional [illegible] is dying.

The [illegible] said that mainframes, minicomputers [illegible] workstations, though undermined by personal computers, would [illegible] important for *serious* applications, the [illegible] that keep [illegible] business going. [illegible] computer companies would [illegible] slim down, but they [illegible] their existing business model (lavish sales staff, [illegible] hand-holding, high [illegible] margins). That belief, already sickly, will finally [illegible]cumb [illegible]. Last [illegible] HP launched powerful [illegible] work[illegible] servers" which are replacements, in effect, for old-style minicomputers, [illegible] replacements for old-style [illegible].

[illegible] new machines perfectly [illegible] trend. The most significant numbers about them [illegible] the [illegible] or 60MHz [illegible] litter the HP releases; they're [illegible] $3,995 price for [illegible] workstation. [illegible] only is [illegible] dangerously cheap, comparable [illegible] top-of-the-line PCs – [illegible] consumer-style pricing, sneaking [illegible] just under the thousand dollar mark. [illegible] it, [illegible] once [illegible] shift happens, [illegible] old comfortable business-to-business [illegible] go out [illegible] the window. And so [illegible] the gross margin.

You knew all this? All right, but did you realise just what [illegible] happening [illegible] *new* con[illegible] wisdom, [illegible] who long ago wrote [illegible] mainframe [illegible] been talking excitedly [illegible] "the coming OS wars", [illegible] looming battle between various new operating [illegible] desktop [illegible] – one from Microsoft, one [illegible] Apple and [illegible], one [illegible] Novell, and so [illegible]. One of [illegible] would [illegible] MS-Dos, the current industry standard. Which was [illegible].

In truth, [illegible] operating system does a computer's most boring housekeeping tasks, [illegible] who [illegible] get [illegible] would probably love [illegible] TV show called [illegible] of [illegible] Sanitary Engineers.

It's [illegible] the point, any[illegible]. HP also announced last [illegible] its [illegible] computers, though they have their own [illegible] also be able to run any program [illegible] Microsoft's Windows, [illegible] [illegible]. Other companies have already pulled off [illegible] same trick. [illegible] has, in effect, replaced MS-Dos [illegible] world's standard, and [illegible] OS [illegible] irrelevant.

Conclusions: 1. Microsoft's Bill [illegible] done [illegible] again. 2. Only computer companies that, [illegible] HP, have adapted [illegible] hope to [illegible]vive. 3. If the prices in [illegible] industry suddenly [illegible] from figures ending in zero to [illegible] ending in 95 [illegible] 99, watch [illegible] for companies [illegible] and volumes can't make the shift, [illegible].

Total return in local currency to 20/1/94

	[illegible] over period					
	US	Japan	Germany	[illegible]	Italy	UK
[illegible]						
Week	0.06	0.05	0.12	0.13	0.16	[illegible]
Month	0.27	0.20	0.55	0.57	0.71	0.48
Year	3.69	[illegible]	7.38	[illegible]	12.13	6.56
Bonds [illegible]						
Week	[illegible]	[illegible]	-0 04	0.03	0.38	0.62
Month	1.14	-1.18	0.39	0.70	1.04	0.61
Year	9.28	[illegible]	12.32	17.32	27.12	13.15
Bonds 7-10 year						
Week	0.23	-2.27	-0.29	0.12	[illegible]	1.15
Month	1.61	[illegible]	0.32	1.02	1.26	0.99
Year	[illegible]	11.85	15.84	23.04	[illegible]	21.34
Equities						
Week	[illegible]	[illegible]	-1.9	0.6	1.6	3.7
Month	[illegible]	[illegible]	-2.6	3.5	-0.1	4.7
Year	[illegible]	23.8	35.7	[illegible]	32.7	[illegible]

Best performing stocks from FT-A World Indices in local currency to 20/1/94

		% [illegible]		
	Close	Week	Month	Year
Spring Ram (UK)	76.00	39.4	55.1	-36.1
[illegible] (Spain)	460.00	[illegible]	[illegible]	[illegible]
Bouganville Copper (Aus)	1.10	29.4	71.9	[illegible]
NL [illegible] (USA)	6.25	27.5	[illegible]	[illegible]
[illegible] Strategic (HK)	36.20	23.7	11.5	[illegible]
Jardine [illegible]	78.00	21.9	6.1	[illegible]
Hutchison Whampoa (HK)	37.75	21.8	-2.6	127.4
Taylor [illegible] (UK)	[illegible]	20.7	32.1	[illegible]
[illegible] Group [illegible] (HK)	41.75	19.3	[illegible]	[illegible]
Henderson Investment (HK)	8.15	18.1	[illegible]	[illegible]

[illegible] Cash & [illegible] - [illegible] Brothers. Equities - © [illegible]
The FT-Actuaries World Indices are jointly owned by The Financial Times Limited, Goldman Sachs & Co., and NatWest Securities Limited

**Emerging* [illegible] *Equities,* [illegible] *Sachs International, London, January 19 1994*

Economics Notebook / Peter Norman

Tax squeeze may force G7 to revitalise economic co-operation

The world's most exclusive club [illegible] in decline. A [illegible] ago, [illegible] Lloyd Bentsen, freshly installed [illegible] Treasury Secretary, was champing at the bit to breathe new life into the Group of Seven countries, comprising the US, Japan, Germany, France, Britain, Italy and Canada.

As finance minister of the world's most potent industrial democracy, he appeared to believe that more co-operation and less megaphone diplomacy among the G7 could ease, if not solve, problems as diverse as Europe's mass unemployment and faltering economic reform in Russia. This month, Mr Bentsen has been globe-trotting, but mainly in east Asia. His talks in Japan yesterday were tacked onto a round-the-world trip that started in Moscow and continued in Indonesia, Thailand and China.

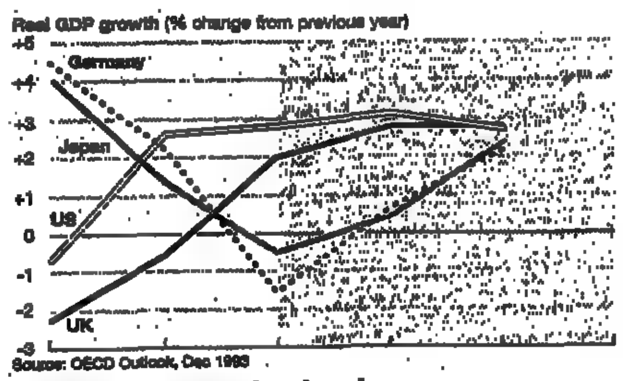
Little has been heard of the G7 of late. After years of huffing and puffing over trade, it took a back seat in the final negotiations that secured the Uruguay Round trade agreement in December.

US President Bill Clinton's plans for a special G7 meeting to tackle unemployment, proposed last summer, have been painfully slow in reaching fruition. After many delays, a meeting of labour and finance ministers has been scheduled for mid-March, although [illegible]cials are still unclear what will be discussed.

[illegible] leaders, including Mr John Major, the UK prime minister, have [illegible] doubt on the value of their annual economic summit. The meeting will [illegible] held again this year – in Naples between July 8 and 10 – but is likely to be a low key event compared with past extravaganzas. The group [illegible]ears to ha[illegible] decided that a [illegible] profile [illegible] the safest approach to the present difficulties in Russia. In the past, the [illegible] has tried to guide events with an economic carrot and stick.

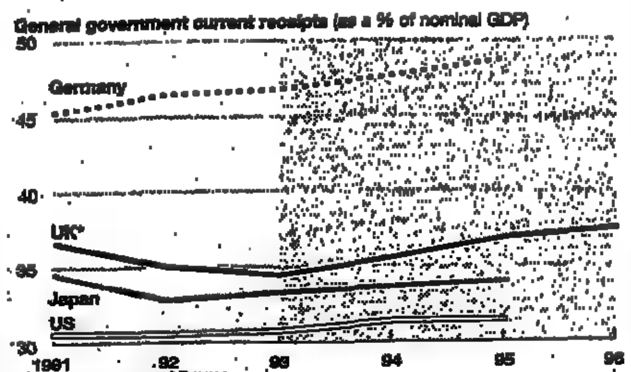
The only known response to last [illegible] exit of economic reformers [illegible] the government in [illegible] a telephone call among senior officials on Friday which seems to have reached no clear conclu[illegible]. There is strong case for saying that such reticence is all to the good. International co-operation can create rather than solve difficulties. Arguably, some of the problems of the late 1980s – Japan's bubble economy and [illegible] UK's high inflation, [illegible] example – can [illegible] blamed in part on over-enthusiastic attempts to [illegible] exchange [illegible] and monetary [illegible] among [illegible] G7.

Leading economies should converge...



Source: OECD Outlook, Dec 1993

...but face rising tax burdens



Sources: OECD
*HM Treasury (Non-North Sea taxes, social security and community charges as a % of non-North Sea GDP)

Instead [illegible] grand interna[illegible] nations in recent years have concentrated on solving their own domestic economic problems first. Whether by [illegible] design, one positive [illegible] has [illegible] fall in inflation to levels last [illegible] in the [illegible].

The upper chart, based [illegible] projections in the December Economic Outlook from the Organisation [illegible] Economic Co-operation and Development, [illegible] that big industrial countries, by pursuing the [illegible] and "doing [illegible] my way", may be returning to synchronised [illegible] steady growth. But the bottom chart, showing [illegible] are due [illegible] rise as a share of national output in Germany, Britain, Japan and the US, prompts some [illegible] thoughts. The lines on the chart [illegible] not seem [illegible] rise dramatically. But they constitute [illegible] contraction in countries that together account for [illegible] thirds [illegible] OECD output.

Only now [illegible] debate getting underway [illegible] the impact [illegible] tax [illegible] in the countries concerned and opinions vary widely.

In the UK, Mr Kenneth Clarke, [illegible] chancellor, and Mr Stephen Dorrell, the financial secretary, admit that the [illegible] tax [illegible] due in [illegible] will [illegible] the pace [illegible] recovery but [illegible] confident that [illegible] upturn can [illegible] maintained. [illegible] are [illegible] sure, [illegible] the pressure for lower interest rates.

Similar uncertainty surrounds the impact [illegible] higher US federal taxes which will take effect very [illegible] Mr Allen [illegible] chief [illegible] Lehman Brothers, told a [illegible] investors' conference in London that the higher tax rates, which are concentrated [illegible] wealthier households, are "simply too small in total and too narrowly [illegible] bring the economy down".

Taking the opposite view last [illegible] Mr Lacy Hunt, [illegible] chief US economist [illegible] HSBC Holdings, which now [illegible] Mid[illegible] Bank among its [illegible] members.

He estimates that the tax increases will [illegible] $500m [illegible] a week from consumers. This may seem small in a [illegible] trillion-a-year economy. But Mr Hunt contends that [illegible] personal income [illegible] will reach a new [illegible] of [illegible] this [illegible] and [illegible] by [illegible] higher [illegible] account for 18 per cent of consumers' expenditure. [illegible] outcome, [illegible] says, will be a drop in the [illegible] growth [illegible] to 1.5 per [illegible] next year.

Germany's [illegible] plans put other [illegible] in the shade. The Bonn government's annual [illegible] report, [illegible] published this week, is expected [illegible] project increases [illegible] and [illegible] in government [illegible] this year as part [illegible] a multi-year programme [illegible] pay for unification.

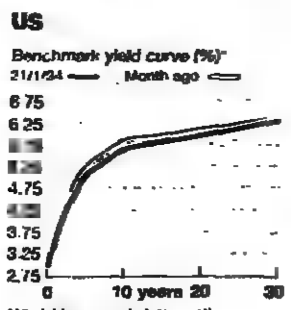
The OECD [illegible] by 1995 [illegible] Germany will have experienced [illegible] cumulative increase in its tax to GDP ratio [illegible] 5 percentage points [illegible] unification. While Bonn [illegible] the German economy should grow by 1 per cent to 1.5 per cent [illegible] year, economists [illegible] sceptical. Mr Gerald Holtham, Lehman Brothers' [illegible] international economist in London, believes Germany faces "unprecedented consumer weakness" [illegible] the government's actions.

It is highly unlikely that the [illegible] impact of [illegible] independent fiscal squeezes [illegible] been [illegible] by [illegible] politi[illegible] responsible [illegible] It may [illegible] that world growth is sufficiently dynamic [illegible] overcome the contractionary [illegible] involved. However, [illegible] would [illegible] reassuring to know that potential pitfalls [illegible] been [illegible]ered.

The G7 would be [illegible] good place to [illegible].

WORLD BOND MARKETS: This Week

NEW YORK — Richard Waters



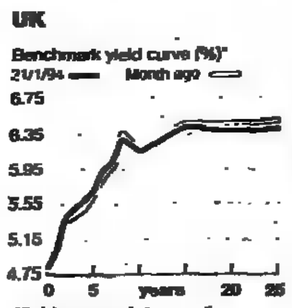
*All yields are market convention [illegible] Merrill Lynch

Plotting the course of US [illegible] growth these days demands a good understanding of the effects of natural disasters. First there was last summer's flooding in the mid-West, now an earthquake in southern California and an arctic blast that last week [illegible] much of [illegible] East. To [illegible] [illegible] holding back – or in some cases stimulating – economic activity?

Fourth-quarter GDP figures, to be released on Friday, will provide an indication of just how robust [illegible] growth [illegible] in the final months of 1993. [illegible] previous quarter was [illegible] 2.9 per [illegible] from [illegible] year [illegible] – restrained [illegible] some degree by the floods, but [illegible] healthy bounce [illegible] from [illegible] sharp slowdown [illegible] first half of [illegible] year. That [illegible] continued into the last three months [illegible] the year, aided [illegible] part by the one-off [illegible] post-flood catch up in activity.

Expectations for fourth-quarter growth [illegible] hastily revised upwards in recent days, from [illegible] per cent level which had [illegible] market's previous view. Now, [illegible] from [illegible] 6 per cent, reflecting strong [illegible] spending growth [illegible] an upturn in [illegible] construction. That the fourth quarter figure would [illegible] strong [illegible] been long expected: whether the bond [illegible] fully priced in such a rise [illegible] another thing.

LONDON — Philip Coggan



*All yields are market convention Source: Merrill Lynch

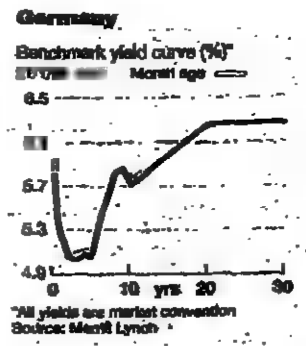
The main event of the week is likely to [illegible] the first auction of the year - Wednesday's offer of Treasury 6¼ per cent 2010 stock. The size of the issue – £2.75bn compared with a recent [illegible] £3.75bn – [illegible] the [illegible] that [illegible] part payment is not [illegible] until [illegible] "suggests [illegible] year's funding [illegible] is virtually complete", according to Mr Nigel Richardson, head of bond research at Yamaichi International (Europe).

Mr Peter Fellner, gilts strategist at [illegible] Markets, [illegible] of [illegible] auction indicates [illegible] of England [illegible] prefer to continue [illegible] regular monthly auctions rather [illegible] larger, [illegible] regular offers.

Last week's retail prices figures, [illegible] slightly [illegible] expectations, create a favourable background for the issue. Long gilt yields fell by around [illegible] points [illegible] week.

There [illegible] little economic news [illegible] week, with only today's CBI Industrial [illegible] Friday's non-European [illegible] trade data. [illegible] major event will [illegible] the Bank of England's inflation report on February 8. In the interim, gilts may [illegible] caught in [illegible] between US Treasuries (where the next [illegible] move is [illegible] expected [illegible] up) and [illegible] government bonds (where [illegible] interest [illegible] move [illegible] expected to be down).

FRANKFURT — David Waller



*All yields are market convention Source: Merrill Lynch

Last week, the bund market was dispirited by the Bundesbank's decision to leave short-term interest rates unchanged. This week, it is unlikely to take cheer from [illegible] few days.

Baden-Württemberg and [illegible] Westphalia, [illegible] of Germany's [illegible] states, are expected to report inflation figures for January today or tomorrow.

[illegible] report during the week and so [illegible] will be possible [illegible] a picture [illegible] German [illegible] month as [illegible].

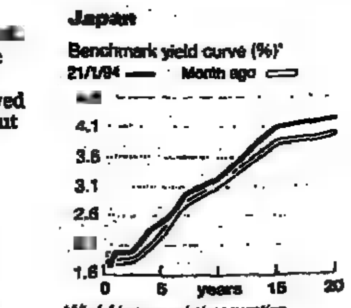
[illegible] month pan-German [illegible] of 3.7 [illegible] for January range from [illegible] per cent, reflecting uncertainty [illegible] impact [illegible] higher [illegible] petrol.

A high outcome is likely to reinforce [illegible] bringing [illegible] Lombard [illegible] down from [illegible] respectively [illegible] they [illegible] end of October.

[illegible] item of [illegible] will [illegible] growth [illegible] supply. [illegible] the [illegible] will probably [illegible] high [illegible] of [illegible] will do nothing to [illegible] investors in the bund market.

In November, M3 [illegible] an [illegible] of 7.2 [illegible] cent, [illegible] of [illegible] year's [illegible] per cent [illegible].

TOKYO — Emiko Terazono



*All yields are market convention Source: Merrill Lynch

Bond traders are bracing [illegible] volatile [illegible] Government bond prices are expected to fluctuate as a result [illegible] buying due to revived hopes of an imminent rate cut and profit-taking on expectations of [illegible] supply.

Prospects [illegible] prolonged political turmoil stemming from last Friday's defeat of the coalition government's political reform bill together with [illegible] further delay to the announcement of an economic stimulus package, originally expected [illegible] week, [illegible] support the [illegible] 10-year benchmark government [illegible] heavy selling last week.

[illegible] Minister Morihiro [illegible] until [illegible] Saturday [illegible] reach [illegible] compromise with [illegible] Liberal Democratic Party, the leading opposition.

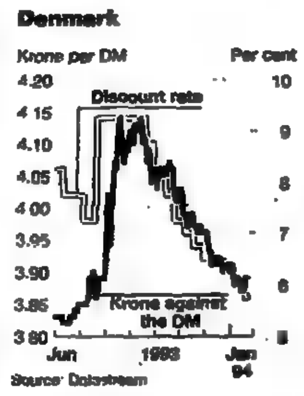
The government's inability [illegible] likely [illegible] expectations of a [illegible] in the [illegible] rate.

[illegible] will [illegible] on the central [illegible] branch managers' meeting, [illegible] runs from today until the end [illegible]. The scheduled press conference by Mr [illegible] Mieno, BoJ governor, is likely to provide further [illegible] of economic weakness throughout [illegible] country.

Meanwhile, the 10-year bond auction [illegible] Wednesday might trigger [illegible] over increased supply, [illegible] limiting a rally.

Capital & Credit / Antonia Sharpe

Danish rhetoric becomes reality



Source: Datastream

[illegible] Erik Hoffmeyer, Denmark's [illegible] central [illegible] governor, [illegible] singing [illegible] of [illegible] financial [illegible] following [illegible] in restoring [illegible] in [illegible] Danish krone, [illegible] of the main casualties [illegible] the collapse of the European Exchange [illegible] August, [illegible] which [illegible] given him [illegible] freedom [illegible] cut [illegible] interest [illegible] independently [illegible] German [illegible].

Indeed, [illegible] 69-year-old tree lover, who [illegible] due [illegible] retire at the end of this year after 29 [illegible] the helm of the central bank, [illegible] such confidence in the krone's renewed stability [illegible] he said on television two [illegible] Danish interest [illegible] could drop [illegible] low as [illegible] – now around 3 per cent.

His predictions, coupled [illegible] for [illegible] economic growth in Denmark, had the same effect on [illegible] Danish government bond [illegible] as waving [illegible] red flag [illegible] front [illegible] bull.

According [illegible] Securities, yields [illegible] 10-year [illegible] government bonds dropped 25 [illegible] points to a record low [illegible] per cent soon after [illegible] Hoffmeyer's comments. At the same time, the yield differential [illegible] German and Danish 10-year government bonds narrowed [illegible] less than [illegible] points [illegible] basis points [illegible] earlier.

However, the [illegible] cold feet now Mr Hoffmeyer's rhetoric is starting [illegible] become [illegible] reality. After last week's widely-expected quarter-point cut [illegible] discount [illegible] to 5.75 [illegible] cent, [illegible] brought it in [illegible] Germany's discount rate, yields on 10-year [illegible] government [illegible] widened [illegible] per cent. In addition, [illegible] strengthen following [illegible] cut, breaking [illegible] which the market [illegible] since the ERM collapse.

Mr [illegible] Gilhooly, international [illegible] at [illegible] Peabody [illegible] London, points out [illegible] independent [illegible] cut in Denmark could prompt investors to switch [illegible] German government bonds, attracted by [illegible] higher yield [illegible] greater currency stability.

Analysts [illegible] Unibors have [illegible] taken the view that [illegible] short-term [illegible] for [illegible] Danish bond market has [illegible] reached. "Irrespective of the current positive [illegible] of the Danish [illegible], [illegible] economic fundamentals point to [illegible] widening of the Danish-German yield spread and not to [illegible] further narrowing," Unibors says in its latest weekly review of [illegible] bond [illegible].

They [illegible] the Danish central bank will use any bouts of D-Mark weakness to ease monetary policy further, [illegible] would push [illegible] discount rate through the German level. But they warn that this [illegible] reversed once [illegible] economy showed signs of recovery, [illegible] would strengthen the [illegible] status as the [illegible] currency within the ERM.


Erik Hoffmeyer: having some fun in his final year

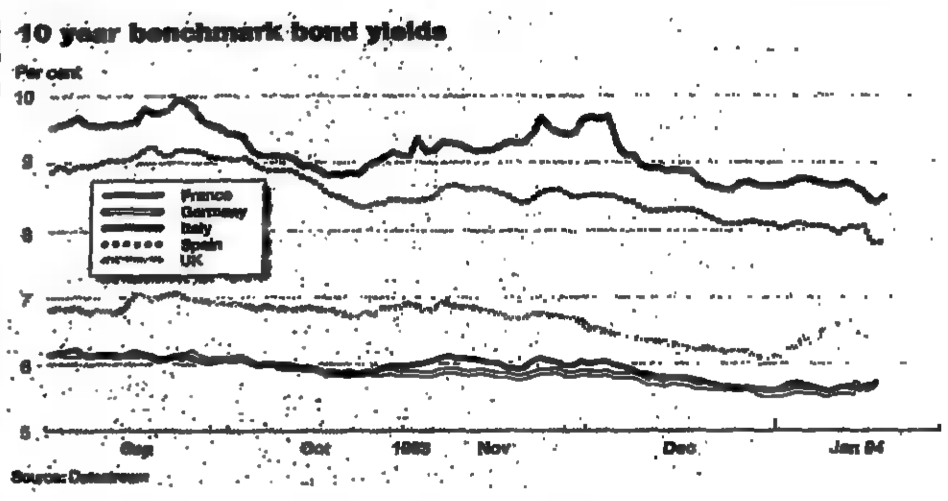
[illegible] analysts are [illegible] there [illegible] gains to [illegible] market this year.

[illegible] Williams, senior economist [illegible] Europe in London, [illegible] a further cut of 150 basis points in the Danish discount rate by mid-year, which would result in [illegible] government [illegible] yields dropping below Germany's by five to 10 basis points. "Denmark is likely to be a rising star in the first half [illegible] this year," he says.

Mr [illegible] Holm, [illegible] research at Bikuben Securities in Copenhagen, expects [illegible] narrowing of the yield differential between Germany and Denmark to stabilise at current levels in the short term but to narrow to about 25 basis points by mid-year.

Mr Holm is pinning his hopes on the Danish central [illegible] ability to safeguard the krone's stability and to pursue its aggressive monetary policy.

In light of Mr Hoffmeyer's recent comments, which suggest he might want to have some fun in his final year, they could well come true.



Source: Datastream

INTEREST RATES AT A GLANCE

	USA	Japan	Germany	France	Italy	UK
Discount	3.00	1.75	5.75	7.00*	8.00	5.50*
Overnight	2.81	2.25	6.00	6.50	8.38	5.13
Three month	3.05	2.03	5.82	5.95	8.12	5.31
One year	3.49	1.78	5.28	5.50	7.63	5.18
Five year	5.05	2.58	5.16	5.08	8.17	5.70
Ten year	5.80	3.32	5.72	5.60	8.58	6.17

(1) French [illegible] rate. (2) UK [illegible] rate. Source: Reuters.

US TREASURY BOND FUTURES (CBT) $100,000 32nds of 100%

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Mar	116-15	116-07	-0-08	116-23	116-01	352,257	316,053
Jun	115-12	115-04	-0-09	[illegible]	114-30	[illegible]	17,948
Sep	114-14	114-04	-0-09	114-19	114-01	418	23,404

UK GILTS PRICES

Notes	Price £	Wk % +/-	Amnt £m	Interest due	Last xd	City line
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Other Fixed Interest

Notes	Price £	Wk % +/-	Amnt £m	Interest due	Last xd	City line
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

● 'Tap' stock. †† Tax-free to non-residents on application. [illegible] Auction basis. xd Ex dividend. Closing mid-prices are shown in pounds. Weekly percentage changes are calculated on a Friday to Friday basis.

International / Tracy Corrigan

Euromarket spin-offs aid charities

The hefty profits earned by the underwriters of last year's bumper [illegible] of Eurobond issues – and [illegible] paid to many [illegible] – have [illegible] participants feeling [illegible] usually flush.

Happily, [illegible] shore fund [illegible] in [illegible] month, London's [illegible] syndication community has spawned several imaginative schemes for raising money for charities.

Morgan Stanley [illegible] an issue of [illegible] perpetual charity [illegible] which has so [illegible] raised "well over £100,000". The bond [illegible] simple: the investor buys a bond, in denominations [illegible] or £10,000, which does not pay interest and is never [illegible].

However, [illegible] a bond [illegible] and participating institutions will [illegible] on "tombstone" [illegible] in [illegible].

The [illegible] is channelled through The [illegible] and [illegible] three charities, the Depaul Trust, which helps homeless young people, the Samaritans, which offers comfort and support to people in need, and Relate which advises couples and families in times of trouble.

"In the syndicate world, [illegible] community, and [illegible] day long we [illegible] and price deals," says Mr Mich[illegible] Dee, head of [illegible] ley's syndicate [illegible]. "We wanted to put a positive spin on it."

[illegible] December 7, Canadian-[illegible] Wood Gundy donated all [illegible] trading and syndicate profits from [illegible] London [illegible] tion to Children in Crisis, which helps the children [illegible] former Yugoslavia. With staff [illegible] donations from clients, the firm [illegible] £110,000.

The third scheme, dubbed Eurobonds in Action, is specifically designed to thrive on the competitive nature of a market obsessed by league table performance.

Participating banks have agreed to contribute a percentage of every bond issue they arrange between the start of the year and Mardi Gras (February 4) to Action Research, a charity which [illegible] medical [illegible].

For example, if a bank launches [illegible] $300m issue, it contributes 0.001 per cent of the value of that issue – in this [illegible] – to the charity.

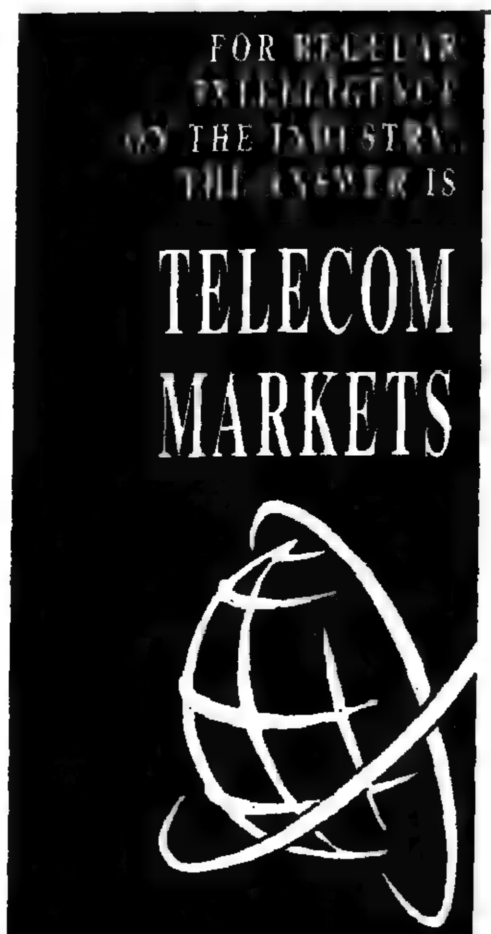
Mr Denys Firth, director of debt capital markets [illegible] S.G. Warburg, and his [illegible] Victoria, who [illegible] on the London fund raising committee [illegible] the charity, persuaded 19 Eurobond [illegible] to participate.

The [illegible] timing, always a prime concern for syndicate officials, [illegible] not [illegible] been better. "I doubt if there is any other time in [illegible] when we could have [illegible] this," [illegible] Mr Firth.

Mr Firth's market instincts did not [illegible] him [illegible] new Eurobond issues, always heavy at the start of a new year, has already reached $50bn so far this month, and could set a new record.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Maturity	Coupon %	Price	Yield %	Launch spread bp	Book runner
US DOLLARS							
NGK Spark Plug [illegible]	[illegible]	[illegible]	[illegible]	100.00	-	-	[illegible]
[illegible]	200	[illegible]	1.50	100.00	-	-	[illegible] Europe
[illegible]	60	[illegible]	[illegible]	100.00	-	-	[illegible] Europe
[illegible]	400	[illegible]	1.50	100.00	-	-	[illegible]
European Investment Bank	300	Feb.1999	5.00	99.878	5.076	+23(5¼-99)	ABN Amro Bank
ITALIAN LIRE							
Rabobank Nederland	[illegible]	Feb.2004	7.70	101.80	7.439	-	Paribas Capital [illegible]
Dresdner Finance	[illegible]	[illegible]	7.875	[illegible]	7.619	-	BNL
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]



LEGAL NOTICES

E B & P N REES LIMITED

NOTICE IS HEREBY GIVEN pursuant to Section 98 of the Insolvency Act 1986 that a Meeting of the Creditors of the above-named Company will be held at All Saints Chambers, Eign Gate Hereford, HR4 0AE on 27 January 1994 at 2.30 pm for the purposes mentioned in Section 99 to 101 of the said Act. Creditors wishing to vote at the Meeting must lodge their proxy, together with a full statement of account at the registered office, All Saints Chambers, Eign Gate, Hereford, HR4 0AE not later than 12 noon on 26 January 1994. For the purposes of voting, a secured creditor is required (unless he surrenders his security) to lodge at All Saints Chambers, Eign Gate, Hereford, HR4 0AE before the meeting, a statement giving particulars of his security, the date when it was given and the value at which it is assessed. Notice is further given that EDWIN F HUNT, A LICENSED INSOLVENCY PRACTITIONER, OF ALL SAINTS CHAMBERS, EIGN GATE, HEREFORD, HR4 0AE, will, free of charge, supply creditors with such information as they may reasonably require during the period ending on the day on which the meeting is to be held.
Dated 17 January 1994
Mr P N Rees, Director

Notice of Appointment of Liquidator
Creditors' Voluntary Winding Up
E B & P N REES LIMITED

In accordance with Rule 4, 106, I, EDWIN F HUNT OF EDWARDS LITTLE & CO, ALL SAINTS CHAMBERS, EIGN GATE, HEREFORD HR4 0AE, give notice that on 14 January 1994 I was appointed Liquidator of E B & P N Rees Limited by resolutions of the members.
Dated 17 January 1994
Edwin F Hunt
Liquidator

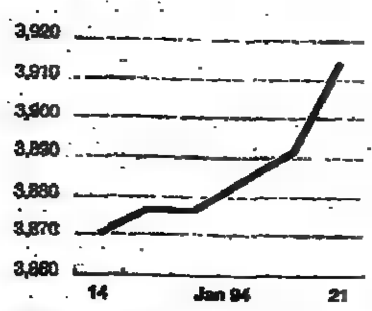
ART GALLERIES

WORLD [illegible] DRAWINGS AND WATERCOLOURS Park [illegible] W1. 28-30 [illegible] 11am-8pm (7pm last two days). 071 [illegible] 6321

EQUITY MARKETS: This Week

NEW YORK Frank McGurty

Earnings to remain the focus



Source: FT Graphite

The "nirvana scenario" embraced by Wall Street last week may quickly fall out of fashion if the impressive new year rally comes to an abrupt halt this week or next, as some analysts expect.

Be that as it may, simple faith in the staying power of the current fundamentals – strong growth, low inflation and stable interest rates – resulted in a nearly perfect string of sessions last week. Indeed, for [illegible] few days at least, it has seemed like the best of all worlds for stocks.

The Dow Jones Industrial Average powered past the 3,900 mark for the first time on Friday, just two [illegible] after topping 3,800. The bellwether blue-chip index finished at 3,914.48, [illegible] weekly [illegible] points and its fourth record close in five days. (On Tuesday, the Dow was unchanged, matching the peak achieved the previous session.)

With the US results season in full swing, earnings – rather than fresh economic news and trends in the US Treasury bond markets – will remain the focus, as investors look to see how individual companies performed.

Some leading pharmaceutical concerns, including Merck and Warner-Lambert, will post their results today. The market, which has already reacted badly to [illegible] slowdown at Pfizer, is anxious to see if price discounting has affected the profitability of the rest of the underperforming sector.

The failure [illegible] the market last week to respond with enthusiasm to earnings that matched or exceeded analysts' forecasts was [illegible] warning flag for Mr James Solloway, head of equity research at Argus Research in New York. There were some exceptions, notably Caterpillar and Apple Computer. But the market, by and large, seems to have [illegible] strong earnings into many share prices.

Mr Solloway believes this is [illegible] just one indication of "the wear and tear that develops near the end of a market rally", when stock values have begun to run ahead of the fundamentals. While he believes the longer-term outlook for equities remains bullish, he anticipates "[illegible] couple of weeks of consolidation" in the near term.

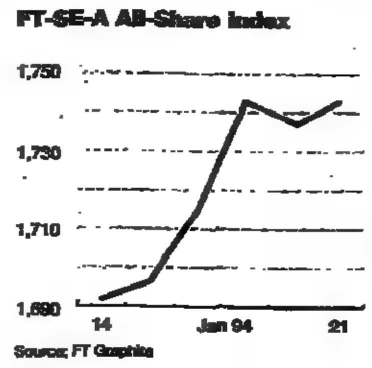
Mr Gregory Nie, technical analyst [illegible] Kemper Securities in Chicago, agrees that the market is ripe for [illegible] setback, but believes it will put in [illegible] good performance over the next few days. However, he warns that stocks are approaching an "overbought" position and expects the market to retrace its December and January gains with a correction of about 10 per cent soon.

Just what will trigger the downward move is anyone's guess. Potential catalysts include a further deterioration of the Russian reform process and another uptick in industrial commodity prices.

Mr Joseph McAlinden, [illegible] Dillon Read in [illegible] York, points out that the preliminary estimate of fourth-quarter gross domestic product, to be released on Friday, may scare investors if it exceeds 5 per cent. Such a level may bring forward a move by the Federal Reserve to tighten monetary policy.

LONDON Terry Byland

Search for value to continue



Source: FT Graphite

A [illegible] market constantly searching for new peaks presents investors with [illegible] heady environment, especially [illegible] it [illegible] that all [illegible] The UK market [illegible] still riding strongly [illegible] rate cut prospects [illegible] reality [illegible] that the cut is not going to be delivered until [illegible] chancellor of [illegible] exchequer [illegible] it; he [illegible] too willing [illegible] BBC [illegible] last week. [illegible] hopes [illegible] be projected forward yet again.

This [illegible] will leave the [illegible] market relatively light on UK economic [illegible] compared with [illegible] There are [illegible] fewer trading [illegible] from [illegible] big corporate [illegible] except [illegible] sector. This could [illegible] dangerous because it [illegible] investors [illegible] continue [illegible] search for value [illegible] where the [illegible] "overbought" [illegible] becoming [illegible]

Plummeting yields on equities as prices race [illegible] have already brought [illegible] dividend yield [illegible] FT-SE Actuaries All-Share [illegible] to levels [illegible] only rarely [illegible] years. With [illegible] yields also declining fast, investors have [illegible] driven [illegible] "value" in [illegible] higher yield [illegible] in equities, including, [illegible] notably, the [illegible] Mid 250 stocks.

[illegible] index, having outperformed [illegible] by [illegible] per [illegible] since January [illegible], went [illegible] overdrive in [illegible] of [illegible] week, outpacing [illegible] leading [illegible] FT-SE [illegible] Index.

But [illegible] market [illegible] can rise by [illegible] points on one day, and fall by 43 the day after, as the Mid 250 did in the middle of last week. [illegible] for [illegible] unwary.

Fund [illegible] very cautious [illegible] non-Footsie stocks, remembering how many relatively illiquid shares proved unsaleable for a long time after the market crash of 1987.

Higher than average yields can highlight dividend risk as well as underlying value, warns Mr Ian Harnett [illegible] Turnbull.

[illegible] specialists warn that market [illegible] have [illegible] effectively short of stock since the FT-SE Index stood at 3,050, just ahead of the November budget.

Allowing for [illegible] catch-up opportunities since then, the [illegible] "average shorting level" is [illegible] around 3,265 which leaves a lot of room for market makers to [illegible] encourage [illegible] correction [illegible] share prices. [illegible] pressures [illegible] can push prices [illegible] well as upwards if the [illegible] changes direction.

Derivative Securities, the [illegible] specialist on equity market technical factors, believes that, while a correction is still likely, only [illegible] few [illegible] are [illegible] serious danger.

It identifies Ladbroke, the leisure and hotels group, as displaying clear signs of being overbought following [illegible] response of [illegible] prices [illegible] developments.

It [illegible] marginally overbought stocks ranging from British Airways, [illegible] the [illegible] looking [illegible] higher traffic levels as global economies improve, [illegible] Tesco, [illegible] on [illegible] trading outlook.

OTHER MARKETS

TOKYO

[illegible] unexpected [illegible] of Prime [illegible] Morihiro's political reform bill [illegible] the upper house last Friday is [illegible] for the [illegible] market. The coalition government will have [illegible] negotiate with the Liberal Democrats, [illegible] leading opposition party, [illegible] compromise. Share prices could plunge [illegible] profit-taking [illegible] further political turmoil delays the [illegible] of [illegible] economic [illegible] package.

PARIS

Bouygues, the construction [illegible] The [illegible] which reported a [illegible] in first-half net profits, has warned that full-year figures will be down on last year's FFr685m ($117.29m). [illegible] Rossignol [illegible] an analysts' meeting [illegible] Thursday and [illegible] unveils [illegible] figures on Friday.

WARSAW

[illegible] Slaski, the market's largest [illegible] listing, [illegible] trading [illegible] tomorrow. The bank, [illegible] of the nine being sold under the government's privatisation [illegible] a massive oversubscription [illegible] month, with [illegible] than [illegible] domestic [illegible] foreign applicants offering 7,993.2bn zlotys [illegible] 1,226.5bn zlotys worth of shares. Analysts expect the 500,000 zloty offer price to more [illegible] when trading begins.

DUBLIN

Investors are hoping [illegible] mildly positive package [illegible] Wednesday's budget. Davy [illegible] in Dublin, [illegible] month told analysts in London and Edinburgh it expected [illegible] replace foreigners as the driving force in [illegible] market [illegible] year, believe [illegible] government [illegible] re-jig [illegible] in favour [illegible] equity investors.

STOCKHOLM

SSAB, [illegible] steel [illegible] expected [illegible] profits of around SKr600m [illegible] tomorrow. Firmer prices and lower processing costs have helped the recovery after [illegible] pre-tax loss.

ZURICH

[illegible] Holding is expected to unveil [illegible] profit figures today. Tomorrow, [illegible] Swiss Insurance Industry [illegible] holds [illegible] conference. [illegible] has analysts' presentations in Zurich tomorrow and in London on Wednesday.

RISK AND REWARD

FRN investors offered a home on the range

You [illegible] collared floating-rate notes, fixed-floater-fixed notes, reverse and perpetual floaters [illegible] meet [illegible] latest structured product [illegible] emerge [illegible] laboratories [illegible] the Eurobond rocket scientists: [illegible] range-floater.

In [illegible] instrument [illegible] become all the [illegible] and hardly [illegible] day [illegible] without a handful of such [illegible] hitting the Eurobond market. The past [illegible] have seen [illegible] than $1bn of range-floaters, also [illegible] corridor floaters, and syndicate officials [illegible] there's [illegible] come.

US dollar range-floaters essentially hinge on investors' outlook for [illegible] rates. In [illegible] to [illegible] they have [illegible] view [illegible] short-term rates will stay in a [illegible] during [illegible] life of [illegible] note and [illegible] interest-rate volatility will remain low.

[illegible] that, when the dollar [illegible] inter-bank offered [illegible] lies within a specific [illegible] earn [illegible] much higher coupon [illegible] they would [illegible] receive on [illegible] plain-vanilla [illegible] borrower. However, no interest [illegible] the days when Libor [illegible] range.

[illegible] an example, the European [illegible] for Reconstruction and Development (EBRD) [illegible] week [illegible] They [illegible] three-month Libor plus [illegible] points [illegible] three-month [illegible] daily fixing falls between [illegible] 4 [illegible] cent [illegible] the first six months of the note's life and between [illegible] and 4.25 [illegible] cent during [illegible] months. [illegible] interest accrues [illegible] Libor rises above 4 per [illegible] during the [illegible] half [illegible] above 4.25 [illegible] during the second half. [illegible] three-month Libor [illegible] at 3.25 per [illegible] on Friday.

[illegible] triple-A rated supranational borrower, the EBRD would [illegible] well [illegible] plain-vanilla FRN. According [illegible] the [illegible] treasurer, Mr René Karsenti, the deal beat its one-year funding target of around Libor minus [illegible] points.

Range floaters [illegible] investors an above-market [illegible] compensate them for the [illegible] that interest [illegible] during some of its life.

"We are now in an environment where yields are so low [illegible] only way to get a yield pick-up [illegible] to take [illegible] market view," says Mr Tim Skeet, senior [illegible] president on the syndication desk at Kidder, Peabody.

Many range-floaters have [illegible] issued by triple-A rated borrowers, making credit risk a negligible consideration. Typical buyers of range-floaters include money-market fund managers and commercial banks.

Even if Libor [illegible] fall out [illegible] the range during some of its life, it will take [illegible] while before investors lose out. In the case of the EBRD note, investors will earn the full Libor-plus-30 coupon if Libor [illegible] within its range [illegible] each day in [illegible] quarter; [illegible] even if Libor is within the range for only [illegible] days, the investor will still earn around Libor flat - [illegible] than could be obtained from a plain vanilla EBRD floater. "Libor can fall outside [illegible] corridor for [illegible] period of time and [illegible] can still have a good investment," says [illegible] dealer.

From [illegible] borrower's perspective, range floaters enable top-notch [illegible] to [illegible] deep [illegible] funding by swapping [illegible] proceeds into plain-vanilla Libor-based funds.

"The value comes from [illegible] counterparty who agrees [illegible] the issuer the difference between its sub-Libor funding target and the coupon on [illegible] days when Libor is within the range," explains a swaps trader. This leaves the issuer fully hedged while the swap counterparty assumes the risk that Libor stays within the range. The [illegible] counterparty in turn can hedge itself with the [illegible] of options strategies.

Conner Middelmann

[illegible] AT A GLANCE

	Closing price	Percentage Change: Over week	On 12 months	Since Jan 1	12 month: High		Low		1994: High		Low	
FT-SE 100	3,484.21	+2.5	+1.9	+25.6	3,484.21	21/1/94	2,771.90	25/1/93	3,484.21	21/1/94	3,360.0	13/1/94
Dow Jones Ind.	3,914.48	+1.2	+4.3	+20.3	3,914.48	21/1/94	3,253.02	21/1/93	3,914.48	21/1/94	3,756.60	3/1/94
Nikkei	19,307.43	+1.8	+10.8	+16.7	21,148.11	[illegible]	16,078.71	29/11/93	19,307.43	21/1/94	17,369.74	4/1/94
Dax	2,075.61	-3.1	-8.4	+31.9	2,267.98	3/1/94	1,562.32	27/1/93	[illegible]	3/1/94	2,075.61	21/1/94
CAC 40	2,248.69	-0.6	-0.9	+13.7	2,331.33	11/1/94	1,772.21	29/1/93	2,331.33	11/1/94	2,234.78	17/1/94
Banca Com. Ital.	613.61	+1.8	-0.9	+25.8	632.86	30/8/93	472.09	25/1/93	[illegible]	3/1/94	[illegible]	10/1/94

FT Graphite

EMERGING MARKETS: This Week

The Emerging Investor / Stephen [illegible]

A warning signal from Venezuela

The collapse [illegible] Venezuela's second-largest commercial bank should raise warning signals about the quality of Latin America's banks.

Many are raising funds in the international markets and still more are paying high interest rates to secure foreign currency deposits; but there [illegible] signs that investors are not adequately [illegible] ing [illegible] different institutions.

"There are a lot of second or third-tier Latin American banks having their paper [illegible] world. [illegible] extent to which this risk [illegible] any good, one [illegible] know." [illegible] Mr Paul Luke [illegible] Morgan [illegible] fell Debt Arbitrage and Trading in London. "[illegible] unclear [illegible] the [illegible] is adequately differentiating between [illegible] risk."

Mr [illegible] the London-based bank credit analysis [illegible] IBCA [illegible] 55 banks from Brazil [illegible] have issued debt in [illegible] international market without a credit rating.

Much [illegible] this [illegible] been placed directly into the hands of flight-capital accounts held by individual Latin Americans, who are [illegible] with [illegible] risk they are taking. [illegible], foreign [illegible] without [illegible] cialised local knowledge are likely [illegible] demand [illegible] information than they are getting at [illegible]

Latin America's banking [illegible] are a [illegible] lot. Most are in a [illegible] of flux, stemming in large part from the economic reforms which have changed the nature [illegible] banking in much of the region. Institutions which once survived by channeling money to the government and living off the wages of inflation, have had to find private sector customers and have [illegible] proved inexpert [illegible] finding good risks.

As [illegible] upheavals [illegible] place, [illegible] practices which were common in Latin banks in the past have not entirely died out. [illegible] in Venezuela, [illegible] sometimes not consolidated, allowing banks [illegible] shuffle [illegible] from one subsidiary [illegible] another to provide an optical illusion [illegible] healthy bank. [illegible] practice [illegible] making loans [illegible] executives [illegible] leading share-[illegible] goes on.

Unhappily [illegible] the authorities, Venezuela's problems [illegible] in the very month that new banking legislation, which would [illegible] of these practices [illegible] well [illegible] bolstering the capital of the banks, [illegible]

In a bid to calm disquiet [illegible] the banking system, Venezuela's government [illegible] on Friday to [illegible] etary [illegible] in [illegible] banking system in a bid to ease disquiet about other institutions. Mr [illegible] points out that [illegible] likelihood that a country's [illegible] will [illegible] behind a bank, while it [illegible] not provide much comfort to shareholders, [illegible] an important ele-[illegible] in analysing its credit risk.

[illegible] problems being [illegible] by Venezuela now parallel in [illegible] respects [illegible] difficulties [illegible] by [illegible] Chilean [illegible] the Colombian banking systems during the [illegible] gov-ernment [illegible] to inter-[illegible] banks.

[illegible] banks [illegible] emerg-[illegible] problems: legislation [illegible] the [illegible] congress should resolve [illegible] remaining [illegible] of subordi-[illegible] debt still owed [illegible] the government by [illegible] Chile.

In Colombia, [illegible] de Colombia [illegible] also emerging from under [illegible] it [illegible] undertaking an [illegible] tional placement of [illegible] (£149m) in notes [illegible] be exchangeable into the [illegible] shares. Morgan Grenfell [illegible] parent are handling the issue – which [illegible] account for around a third of [illegible] bank's capital.

In Mexico, the rapid privatisation of [illegible] expansion in the economy [illegible] a breakneck pace of loan growth. [illegible] down, the [illegible] quality of [illegible] banks deteriorated through much of 1993. Trying [illegible] compensate for this, banks have kept high [illegible] they have charged [illegible] customers, intensifying [illegible] possibly lengthening the [illegible]

Elsewhere, worse [illegible] yet [illegible] A report by two [illegible] economists in November suggested [illegible] Brazilian [illegible] making hay out of [illegible] (now touching [illegible] cent a month) [illegible] that subduing [illegible] "would [illegible] the solvency of [illegible] banks".

[illegible] bank analysts [illegible] that a [illegible] period can be expected [illegible] Brazilian [illegible] is under control, before the banking system eventually [illegible] healthier. [illegible] parallels [illegible] Argentine experience in reducing inflation radically [illegible] past [illegible]

The New [illegible] Thomson BankWatch says Argentina's "regulatory environment will continue to improve, with stricter capital requirements and closer monitoring [illegible] banks by [illegible] central bank." Profitability, [illegible] adds, "will remain above international norms".

Nonetheless, in Argentina and elsewhere, [illegible] hard [illegible] bank regulators [illegible] keep up [illegible] change in the banking [illegible] If [illegible] regulators, investors [illegible] warily.

Ten best performing [illegible]

Stock	Country	Friday $ close	[illegible] change $	%
[illegible]	Brazil	0.4593	[illegible]	[illegible]
Comp Vale Do Rio Doce (Pfd)	[illegible]	0.0293	[illegible]	[illegible]
[illegible] (Pfd)	Brazil	[illegible]	0.0092	[illegible]
First [illegible] (Pfd)	[illegible]	[illegible]	[illegible]	20.0
[illegible]	Brazil	[illegible]	0.0403	[illegible]
[illegible]	Brazil	[illegible]	[illegible]	18.5
Grupo Ind. [illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible] Itau (Pfd)	Brazil	0.6031	[illegible]	16.2
[illegible] Corp	Korea	[illegible]	[illegible]	14.7
Hyundai [illegible]	Korea	[illegible]	[illegible]	14.7

[illegible] Baring Securities

A bond issue with a twist

[illegible] new issues of Latin [illegible] bonds [illegible] thick and [illegible] week, [illegible] Brazilian [illegible] of Minas Gerais launched on Friday [illegible] Eurobond issue with twist.

The issue – which Banque Indosuez, its arranger, says is the first sovereign bond issue from Brazil since 1980 – carries [illegible] entitling [illegible] to buy preferred [illegible] the state-owned electricity company, Cemig.

The [illegible] is [illegible] hoping to [illegible] from [illegible] Brazilian "rosy scenario" which – for all [illegible] it coming [illegible] – has apparently [illegible] driving [illegible] stock market's remarkable rally this month.

Under this, finance minister Fernando Henrique Cardoso succeeds in pushing through an economic package which brings down inflation. This so adds to his prestige that he wins this year's presidential election. He also manages to close Brazil's debt deal with foreign banks by [illegible] deadline of April 15, thereby improving Cemig's own [illegible] profile.

[illegible] Gerais is issuing [illegible] of bonds, [illegible] with a five-year maturity [illegible] a six-year maturity. The five-year bonds carry [illegible] 7% per [illegible] and the six-year [illegible] The conversion premium on [illegible] three-year [illegible] 30 [illegible] the weighted [illegible] price [illegible] the preferred [illegible] the [illegible] month on [illegible] Sao [illegible] exchange.

[illegible] preferred shares are [illegible] eighth most liquid in Sao Paulo, [illegible] represents about 5 [illegible] outstanding shares. Cemig generates [illegible] 8 per [illegible] Brazil's electricity.

Bombril, a household cleaning products manufacturer, placed [illegible] in August, in Brazil's [illegible] international equity [illegible]

News round-up

■ Pakistan

Pakistani share prices [illegible] hit hard by yesterday's "black Sunday" as [illegible] Exchange index, [illegible] KSE-100, fell by 129 points [illegible] almost 5 [illegible] value – [illegible] largest drop in a single day in [illegible] history.

[illegible] heavy selling [illegible] shares, [illegible] boom, was [illegible] by [illegible] financial [illegible] and some textile shares, stockbrokers said [illegible] night.

However, many brokers [illegible] market analysts [illegible] confident [illegible] the fall was a temporary correction rather than [illegible] of a heavy selling trend.

"This was [illegible] reaction that everybody [illegible] waiting for," [illegible] Mr Yasin Lakhani, president of the Karachi [illegible] Exchange.

The KSE-100 index has [illegible] by approximately 1,000 points, [illegible] roughly 70 per cent, [illegible] October [illegible] by Ms [illegible] Bhutto.

■ Hong Kong

Hong Kong's [illegible] exchange might [illegible] trading [illegible] accommodate the [illegible] investor interest, Mr Paul Chow, [illegible] exchange's [illegible] executive, [illegible] in London [illegible] week. This would also [illegible] that trade could overlap with the London Stock Exchange's Seaq International trading system.

■ Professor Liu Hongru, chairman of China's Securities Regulatory Commission, said at the same presentation that he was studying [illegible] possibility of establishing [illegible] exchange in [illegible] north [illegible] China. [illegible] should introduce more competition between the country's [illegible] other exchanges in Shanghai and Shenzhen.

■ Lebanon

Lebanon's stockbrokers have called for the reopening of the country's [illegible] market, [illegible] This [illegible] came [illegible] secondary market [illegible] established [illegible] trading next month in shares of Solidere, [illegible] that [illegible] been [illegible] to rebuild central Beirut.

[illegible] bank officials have said that [illegible] new [illegible] a temporary measure and that the Beirut [illegible] will eventually [illegible] reactivated.

● Further coverage of emerging markets [illegible] daily on the World Stock [illegible]

Baring Securities [illegible] markets indices

Index	21/1/94	Week on week movement: Actual	Percent	Month on month movement: Actual	[illegible]	Year to date [illegible]: Actual	[illegible]
[illegible]	173.86	4.24	2.50	17.52	11.20	5.45	[illegible]
[illegible]							
Argentina (19)	119.57	3.67	3.16	12.84	12.03	4.19	[illegible]
Brazil (18)	198.93	20.90	11.74	69.79	54.04	59.28	[illegible]
Chile (12)	168.26	6.88	4.26	29.65	21.39	20.72	14.04
[illegible] (22)	[illegible]	7.31	4.61	10.87	[illegible]	4.38	2.72
[illegible] America (71)	168.62	9.97	6.28	27.91	[illegible]	19.37	12.98
Europe							
[illegible] (14)	101.94	5.44	5.64	19.97	24.36	[illegible]	[illegible]
Portugal (13)	121.71	[illegible]	2.71	8.31	8.26	9.58	[illegible]
Turkey [illegible]	181.52	-27.28	-13.07	28.28	16.93	[illegible]	[illegible]
Europe [illegible]	127.65	-2.47	-1.90	17.13	15.50	15.41	13.73
[illegible]							
[illegible] (17)	176.21	5.85	3.43	14.75	9.14	5.17	[illegible]
[illegible]	110.28	0.70	0.64	1.19	[illegible]	0.57	0.52
Malaysia (21)	205.58	-15.44	-6.98	-23.22	-10.15	-47.47	-18.76
Philippines [illegible]	[illegible]	23.46	8.12	28.91	10.20	-10.14	-3.14
Thailand (20)	226.61	-15.39	-6.36	-14.36	-5.96	-36.95	-14.02
Taiwan (29)	151.12	6.80	4.71	25.18	19.99	[illegible]	-1.68
[illegible] (119)	196.54	-5.22	-2.59	-3.24	-1.62	-24.88	-11.24

All indices in $ [illegible], January 7th 1992=100. Source: Baring Securities

CURRENCY MARKETS Philip Gawith

The Yen falls under the spotlight

The Yen appears likely to be a focus of attention this week with the weak economy, political uncertainty, and an ongoing trade dispute with the US all impacting on the currency.

The market will [illegible] trying to assess the impact of the government's failure last week to pass a political reform package. If this prevents the introduction [illegible] fiscal package aimed [illegible] stimulating the economy, this may cause the Yen to weaken.

The [illegible] of yesterday's meeting between Mr Lloyd Bentsen, [illegible] US Treasury [illegible] retary, and [illegible] Morihiro [illegible] kawa, the [illegible] prime minister, will [illegible] be closely [illegible]

If [illegible] in curbing Japan's trade surplus with the US, the Japanese unit will probably strengthen as an alternative means [illegible] closing the gap.

The market will also be keeping a close eye on the release [illegible] fourth quarter US GDP and durable goods figures. If these are as strong as predicted, this should lend further strength to the US currency.

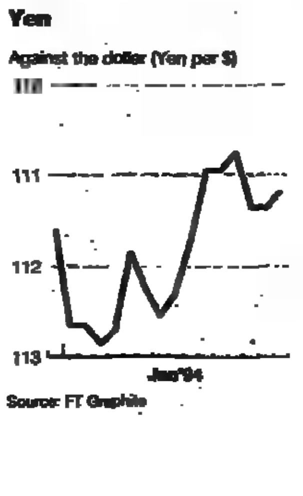
In Europe, [illegible] tion will [illegible] Thursday's [illegible] ing of [illegible] Bank [illegible] France [illegible] etary policy committee.

Mr [illegible] Persaud, [illegible] JP Mor-[illegible] (Europe), argues [illegible] good inflation figures and [illegible] rying trade [illegible] allied [illegible] D-Mark weakness, give the Bank the opportunity [illegible] cut [illegible]

[illegible] it [illegible] do [illegible] following [illegible] Danish rate cuts, [illegible] represent [illegible] important decoupling of monetary policy by core ERM currencies from the Bundesbank.

The outlook for sterling remains mixed as traders review the strength of the UK economy. The market is [illegible] turn its attention today towards investment in the CBI quarterly trends survey.

Mr Chris Turner, currency strategist at BZW, argues that [illegible] quite buoyant given the healthy [illegible] of returns on investment [illegible] tight capacity [illegible] the manufacturing sector. [illegible] they [illegible] not, this would [illegible] important signal to the [illegible] about [illegible] health [illegible] the economy.



Source: FT Graphite

WORLD STOCK MARKETS

EUROPE

AUSTRIA (Jan 21 / Sch)

[illegible]

BELGIUM/LUXEMBOURG (Jan 21 / Frs.)

[illegible]

DENMARK (Jan 21 / Kr)

[illegible]

FRANCE (Jan 21 / Frs.)

[illegible]

GERMANY (Jan 21 / Dm.)

[illegible]

ITALY (Jan 21 / Lira)

[illegible]

NETHERLANDS (Jan 21 / Fls.)

[illegible]

NORWAY (Jan 21 / Kroner)

[illegible]

SWEDEN (Jan 21 / Krona)

[illegible]

SWITZERLAND (Jan 21 / Frs.)

[illegible]

PACIFIC

JAPAN (Jan 21 / Yen)

[illegible]

HONG KONG (Jan 21 / H.K.$)

[illegible]

MALAYSIA (Jan 21 / MYR)

[illegible]

SINGAPORE (Jan 21 / S$)

[illegible]

NORTH AMERICA

CANADA

TORONTO (Jan 21 / Can $) 4 pm close

[illegible]

MONTREAL (Jan 21 / Can $) 4 pm close

[illegible]

AFRICA

SOUTH AFRICA (Jan 21 / Rand)

[illegible]

Prices supplied by Telekurs

NOTES – Prices on this page are as quoted on the individual exchanges and are mostly last traded prices. Highs/Lows are based on data from Jan 1 1993. ♦ Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

FT FREE ANNUAL REPORTS SERVICE

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■ TOKYO - MOST ACTIVE STOCKS: Friday, January 21, 1994

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Haseko	25.8m	840	-37	Mitsubishi Hvy	4.6m	670	+8
Fujitsu	10.2m	929	+16	Kawasaki Steel	4.4m	323	+1
Nippon Steel	8.4m	323	-2	Daiichi Kangyo	4.2m	1,960	+40
Itochu	5.8m	637	+17	Ind Bank of Japan	3.8m	3,250	+160
Oki Elec	5.1m	618	+13	Tsumura	3.7m	1,530	+60

INDICES

[illegible]

Japan						
Nikkei 225 (16/5/49)	19307.43	19163.92	19039.40	21148.11 13/9/93	16078.71 29/11/93
Nikkei 300 (1/10/82)	290.56	286.78	284.64	308.84 10/11/93	249.64 29/11/93
Topix (4/1/68)	1559.91	1550.79	1541.15	1698.67 3/9/93	1250.06 25/1/93
2nd Section (4/1/68)	2052.42	2057.52	2046.61	2384.97 7/6/93	1691.72 26/1/93
Malaysia						
KLSE Comp.(4/4/86)	1083.78	1050.02	1081.78	1314.46 5/1/94	[illegible] 13/1/93

■ CAC-40 STOCK INDEX FUTURES (MATIF)

	Open	Sett Price	Change	High	Low	Est. vol.	Open int.
Jan	2258.0	2249.0	-17.0	2274.0	2248.0	18,977	33,020
Feb	2270.0	2262.0	-17.0	2283.0	2263.0	2,071	5,871
Mar	2282.0	2263.5	-17.5	2296.5	2273.5	2,840	37,132
Jun	-	2269.0	-17.0	-	-	-	2,295

Open interest figures for previous day.

** Sat Jan 15: Taiwan Weighted Price 6087.12; Korea Comp Ex 865.66. Base values of all indices are 100 except Australia All Ordinary and Mining – 500; Austria Traded, BEL20, HEX Gen., MIB Gen., SBF250, CAC40, Euro Top-100, ISEQ Overall; Toronto Comp./Metals & Minerals and DAX – all 1,000; JSE Gold – 255.7; JSE 26 Industrials – 264.3; NYSE All Common – 50 and Standard and Poor's – 10. §§ Montreal. ♦ Toronto. (c) Closed. (u) Unavailable. † IBIS/DAX after-hours index: Jan 21 - 2073.94 -24.42.

US INDICES

[illegible]

■ RATIOS

[illegible]

■ STANDARD AND POORS 500 INDEX FUTURES $500 times index

[illegible]

■ NEW YORK ACTIVE STOCKS

Friday	Stocks traded	Close price	Change on day
Comp Assoc	4,981,800	38	-3
Telefonos	4,135,600	69⅛	+½
Intl Game	4,120,500	28⅝	-1
RJR Nabisco	3,658,000	7⅛	—
Merck	3,411,900	35⅜	-⅜
IBM	3,173,900	56	-¼
Wal-Mart	3,152,800	25⅜	-⅛
Gen Motors	2,746,500	60⅝	+⅛
Chem Bank	2,897,200	37¾	-⅜

■ TRADING ACTIVITY

	Jan 21	Jan 20	Jan 19
Amex	20,497	18,630	18,263
NASDAQ	(u)	340,188	337,897
NYSE			
Issues Traded	2,742	2,714	2,725
Rises	972	1,108	1,112
Falls	1,061	962	979
Unchanged	709	644	634
New Highs	132	131	138
New Lows	24	15	20

† Correction. * Calculated at 15.00 GMT. ● Excluding bonds. ‡ Industrial, plus Utilities, Financials and Transportation. ♦ The DJ Ind. Index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's). ♥ Subject to official recalculation.

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AUTHORISED UNIT TRUSTS

Pilgrim Unit Trust Mngmt Ltd (0830)F

39 Pilgrim Street, Newcastle upon Tyne NE1 6RQ

Administration & Dealing:

Unit Trust Accounting & Management Ltd

1 White Hart Yard, London SE1 1NX 071-407 5966

American	6	107.53	109.34	116.35	–	4098
European	6	68.1	69.06	74.11	0.36	4402
Global	6	69.59	71.1xd	75.53	–	4400
Pacific	6	68.5	69.65	74.1	0.05	4406
UK Income & Growth	6	68.85	69.81	74.27	1.93	4743
UK Inc & Grwth Acc	0	73.6	74.85	79.63	1.83	4582

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♣) - 1101 to 1400 hours; (♦) - 1401 to 1700 hours; (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH Tel: 071-379-0444.

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	Init Chrge	Canc Price	Bid Price	Offer Price	Yield Grs	City-Line
TSB Unit Trusts - Contd.						
Environmental Inv	6	[illegible]	[illegible]	73.97	1.32	[illegible]
Do Accum	6	[illegible]	[illegible]	79.20	1.32	[illegible]
TSB Selector	6	[illegible]	[illegible]	74.04	1.38	[illegible]
Do Accum		[illegible]	[illegible]	83.28	1.38	[illegible]
TSB High Income		[illegible]	[illegible]	78.54	3.86	[illegible]
Do Accum		[illegible]	[illegible]	95.57	3.86	[illegible]
TSB Intl Income		[illegible]	64.73	68.87	4.53	[illegible]
Do Accum		[illegible]	76.33	81.20	4.53	[illegible]
TSB Selector Income	6	69.72	69.49	73.69	4.50	[illegible]
Do Accum	6	79.09	78.83	83.97	4.50	[illegible]
T.U. Fund Managers Limited (1200)H						
NLA Tower, Addiscombe Road, Croydon						
T.U. British	5	363.2	368.8	388.2	[illegible]	[illegible]
T.U. European		51.28	51.62	54.05	[illegible]	[illegible]
Templeton Unit Trust Managers Ltd						
Athol Crescent, Edinburgh EH3 8HA						
Global Growth Acc	6	225.57	228.08	241.70	[illegible]	[illegible]
Global Growth Inc	6	204.69	205.66	219.31	[illegible]	[illegible]
Global Balanced Acc	6	199.68	199.88	211.56	[illegible]	[illegible]
Global Balanced Inc	6	174.40	174.40	185.59	[illegible]	[illegible]
Value Tst Acc	6	135.67	136.27	145.74	[illegible]	[illegible]
Value Tst Inc	6	124.49	124.85	133.53	[illegible]	[illegible]
Thornton Unit Managers Ltd (1200)F						
33 Queen Street, London EC4R 1AX						
Dealing 071-248 3001						
American Smllr Cos	5	69.27	69.27	[illegible]	[illegible]	[illegible]
(Accum Units)	5	71.44	71.44	[illegible]	[illegible]	[illegible]
Dresdner Europe Bd	5	44.83	44.83	[illegible]	[illegible]	[illegible]
(Accum Units)	5	62.88	62.88	[illegible]	[illegible]	[illegible]
European	5	275.92	275.92	[illegible]	[illegible]	[illegible]
(Accum Units)	5	275.92	275.92	[illegible]	[illegible]	[illegible]
Oriental Income	5	51.96	51.96	55.42	[illegible]	[illegible]
(Accum Units)	5	68.35	68.35	72.90	[illegible]	[illegible]
Preference		133.05	133.05	141.54	[illegible]	[illegible]

	Bid Price	Offer Price	Yield Grs	City-Line
Abbey Life Assurance Co Ltd				
80 Holdenhurst Road, Bournemouth				
Prop. Ser. 1	287.2	291.3	-	41608
Equity Ser	189.0	135.6	-	41609
Prop. Acc. Ser 2	488.0	513.7	-	41610
Equity Ser	241.3	254.1	-	41611
Selective Acc. Ser 2	502.8	529.3	-	41612
Prop. Ser. 4	380.0	400.1	-	41613
Equity Ser. 4	227	239.0	-	41614
Man. Ser. 4	697.5	734.3	-	41630
Fixed Int. Ser. 4	364.9	384.1	-	41615
Indexed Inv. Ser. 4	221.6	233.3	0	41616
American Ser. 4	521.3	548.6	-	41617
Japan Ser 4	352.4	371.0	-	41619
European Ser 4	165.0	173.7	-	41620
High Inc. Ser. 4	709.7	746.7	-	41618
Money Ser. 4	320.6	337.5	0.0	41621
Intl Ser. 4	193.8	204.1	-	47021
Custodian Ser. 4	171.0	180.1	-	47022
Asian Pacific	227.4	239.8	-	46206
Ethical	144.2	151.8	-	46208
Protected Growth	[illegible]	114.8	-	43485
Pension Funds				
Property	736.8	775.7	-	41623
Equity	1831.3	1927.7	-	41624
Selective	572.6	602.8	-	41626
Managed	1515.7	1595.5	-	41625
Security	696.9	733.6	-	41627
Fixed Int.	466.5	491.1	-	41628
Indexed	250.0	263.2	-	41632
American	496.4	522.6	-	41630
Japan	394.3	415.1	-	41631
European	255.7	269.2	-	41629
High Income	219.1	230.6	-	46175
Ethical	220.0	231.6	-	46174
International	385.7	406.0	-	41633
Protected Growth	122.8	129.3	0	46209
Abbey National Life Plc				
301 St Vincent Street, Glasgow				041 305 8000

	Bid Price	Offer Price	Yield Grs	City-Line
Britannia Life Ltd				
50 Bothwell Street, Glasgow				
Equity Pen Acc	71.8[illegible]	[illegible]		
Building Soc Pen Acc	45.7[illegible]	[illegible]		
American Pen Acc	78.7[illegible]	[illegible]		
European Pen Acc	41.9[illegible]	[illegible]		
International Pen Acc	59.3[illegible]	[illegible]		
Managed Pen Acc	48.9[illegible]	[illegible]		
Canada Life Group				
High St, Potters Bar, Herts				

OTHER UK UNIT TRUSTS

INSURANCES

هكذا من الأصل

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	Bid Price	Offer Price	Yield Gross	City Line
Royal Life Insurance Ltd				
New Hall Place, Liverpool L69 3HS				051-[illegible]
Royal Shield Fd	998.4	1056.8	–	[illegible]
Royal Life (Unit Linked Assurances) Ltd				
Managed Fund	398.1	419.0	–	[illegible]
Equity Fund	575.6	605.8	–	[illegible]
Property Fund	306.3	322.4	–	[illegible]
International Fund	491.4	517.2	–	[illegible]
Gilt Fund	386.7	408.0	–	[illegible]
Money Fund	216.8	228.0	–	[illegible]
United States Fund	257.8	271.3	–	[illegible]
Pacific Basin	308.2	324.4	–	[illegible]
Royal Life (Unit Linked Pension Fds) Ltd				
Exempt Man Fd Acc	492.6	518.5	–	43821
Exempt Equity Fd Acc	878.6	924.8	–	43822
Exempt Prop Fd Acc	314.9	331.4	–	43823
Exempt Intl Fd Acc	803.4	845.6	–	43824
Exempt Gilt Fd Acc	463.3	488.6	–	43825
Exempt Money Fd Acc	297.3	312.9	–	43826
Royal Liver Assurance				
Royal Liver Building, Liverpool, L3 1HT.				051-236 1451

Scottish Amicable

Scottish Equitable plc

Scottish Life Investments

Scottish Mutual Assurance plc

Scottish Provident Group

Scottish Widows' Group

Sun Alliance Group

Sun Life Assurance Co Ltd

TSB Life Ltd

Target Life Assurance Co Ltd

Teachers' Assurance Ltd

Tunstall Life Assurance Ltd

Westbrick Life Assurance Co Ltd

Zurich Life Assurance Co Ltd

Isle of Man Assurance Ltd

Labrow International Group

PanEuroLife société anonyme

Professional Investment Consultants

Royal Skandia Life Assurance Ltd

Scottish Provident Intl Life Ass Ltd

Royal Life Intl. Ltd

OFFSHORE INSURANCES

AXA Equity & Law Intl Life Assce Co

Allied Dunbar International Assurance Ltd

CMI Insurance Co Ltd

Century Life International Ltd

Equitable Life

MANAGEMENT SERVICES

Fairmount Financial Services Ltd

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

Fidelity Money Funds

Jupiter Tyndall (Bermuda) Ltd

Orion Fund Limited

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

IRELAND (SIB RECOGNISED)

GUERNSEY (REGULATED)(**)

IRELAND (REGULATED)(**)

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)(**)

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Foreign & Colonial Mngmt (Jersey) Ltd

	Bid Price	Offer Price	Yield Gross	City-Line
USS Cash	$11.180		–	45005
Sterling Cash	£13.341		–	45007
US$ Bonds	$17.182		–	45008
Multicurrency Bonds	$22.850		–	45009
Sterling Bonds	£17.256		–	45010
D Mark Bonds	DM12.980		–	45011
European Bonds	Ecu14.892		–	45013
UK Equities	£14.573		–	45014
US Equities	$18.947		–	45015
Japanese Equities	Y834.5		–	45016
Cont Euro Equities	DM21.043		–	45017
UK Negative Equities	£10.154		–	48010
US Negative Eq	$9.948		–	48011
Japanese Negative Eq	Y852.5		–	48012
Cont Eur Negative Eqs			–	48013
UK Geared Equities	£11.639		–	48014
US Geared Equities	$11.412		–	48019
Japanese Geared Eqs	Y845.4		–	48015
Cont Euro Geared Eqs	DM16.052		–	48016
Gold	$11.240		–	48017
Protected Capital Plus A	$11.386		–	48018
Protected Capital Plus B	$11.279		–	49182

Greece Fund Ltd

NAV Jan 13	$24.58		–	49690

John Govett Management (Jersey) Ltd

INVESCO International Limited

Commercial Union Luxembourg SA - Contd.

Creesale Group (u)

DB Investment Management SA

Den norske Bank

Disa Income Fund

Nomura Global Fund (u)

PRICOA Worldwide Inv Portfolio Sicav (u)

Regent Global Fund (u) (z)

Credit Suisse - Contd.

SCI/TECH SA

Scudder, Stevens & Clark

Credit Lyonnais Rouse (Bermuda) Ltd

Credit Suisse

Cregem International Bank

Crystal Corporation N.V.

International Fund Administration Ltd

The Japan Fund N.V.

Jardine Fleming Inv Mngt Ltd

Jardine Fleming Unit Trusts Ltd

Putnam Emerging Funds Ltd

LUXEMBOURG (REGULATED)(**)

LUXEMBOURG (SIB RECOGNISED)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

[illegible]

CURRENCIES AND MONEY

POUND SPOT [illegible]WARD AGAINST THE [illegible]OUND

Jan 21		[illegible] mid-point	Change on [illegible]	[illegible] spread	Day's Mid high	[illegible]	One month [illegible]	[illegible]	Three months Rate	%PA	One year [illegible]	[illegible]	[illegible] of Eng. [illegible]
Europe													
Austria	[illegible]	[illegible]	[illegible]	452 - 588	[illegible]	16.2448	[illegible]	-0.2	16.3651	-0.3	-	-	[illegible]
Belgium	(BFr)	54.3504	+0.0869	189 - 939	[illegible]	[illegible]	54.4414	-1.8	[illegible]	-1.8	54.9314	-1.1	112.8
Denmark	(DKr)	10.1470	+0.0123	415 - [illegible]	[illegible]	[illegible]	10.157	-1.2	[illegible]	-0.8	10.172	-0.2	114.6
Finland	(FM)	8.4815	+0.0195	726 - 903	[illegible]	[illegible]	-	-	-	-	-	-	81.0
France	(FFr)	8.8897	+0.0052	658 - 736	[illegible]	[illegible]	8.8792	-1.3	[illegible]	-1.0	[illegible]	-0.4	107.7
Germany	(DM)	2.6122	+0.0093	112 - 132	2.6135	2.5950	2.614	-0.8	2.6159	[illegible]	[illegible]	-0.2	122.0
Greece	(Dr)	374.560	+1.622	123 - 996	375.477	371.124	-	-	-	-	-	-	-
Ireland	(I£)	1.0452	+0.0044	436 - 468	1.0480	[illegible]	[illegible]	-0.7	[illegible]	[illegible]	1.0493	-0.4	103.8
Italy	(L)	2545.16	+2.07	399 - 633	[illegible]80	[illegible]	[illegible]	-3.2	[illegible]	-2.9	2607.91	-2.5	[illegible]
Luxembourg	(LFr)	54.3564	[illegible]0.0869	189 - [illegible]	[illegible]	[illegible]	54.4414	-1.8	[illegible]	-1.8	54.8314	[illegible]	112.8
Netherlands	(Fl)	2.9254	+0.0081	241 - 268	2.9275	[illegible]	[illegible]	0.0	2.9243	0.2	[illegible]	0.4	117.8
Norway	(NKr)	11.2361	-0.0298	327 - 394	[illegible]	11.1740	11.252	-1.7	[illegible]	-0.5	11.2363	0.0	84.7
Portugal	(Es)	263.552	+0.531	396 - [illegible]	[illegible]	[illegible]	[illegible]	-6.1	[illegible]	-5.3	-	-	-
Spain	(Pta)	213.690	+0.[illegible]	817 - [illegible]	[illegible]	[illegible]	214.62	-4.1	215.7	-3.4	219.82	[illegible]	84.4
Sweden	(SKr)	12.0577	[illegible]	482 - [illegible]	[illegible]	[illegible]	12.0832	-2.5	12.1112	-1.8	[illegible]	-1.4	76.5
Switzerland	(SFr)	2.1913	+0.0109	902 - 924	[illegible]	2.1752	[illegible]	[illegible]	[illegible]	1.3	[illegible]	1.4	117.8
UK	[illegible]	-	-	-	-	-	-	-	-	-	-	-	[illegible]
Ecu	-	1.3452	[illegible]	446 - [illegible]	[illegible]	[illegible]	1.3467	-1.3	[illegible]	-1.0	1.3517	-0.5	-
SDR†	-	0.922204	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	1.4950	[illegible]	947 - 953	1.5030	[illegible]	-	-	-	-	-	-	-
Brazil	[illegible]	618.439	[illegible]	328 - [illegible]	622.000	[illegible]	-	-	-	-	-	-	-
Canada	[illegible]	1.9615	-0.0027	[illegible] - [illegible]	1.9745	1.9600	[illegible]	1.7	[illegible]	1.6	[illegible]	1.1	[illegible]
[illegible]	(New Peso)	[illegible].6433	[illegible]	410 - 456	4.6655	4.6400	-	-	-	-	-	-	-
USA	($)	1.4950	-0.0046	947 - 952	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1.473	1.5	[illegible]
Pacific/Middle East/Africa													
Australia	(A$)	[illegible]	[illegible]	[illegible] - [illegible]	2.1415	[illegible]	[illegible]	[illegible]	2.1237	0.7	2.1237	[illegible]	-
Hong Kong	[illegible]	11.5452	[illegible]	425 - 479	[illegible]	[illegible]	[illegible]	2.1	11.4913	[illegible]	11.4	1.3	-
[illegible]	[illegible]	[illegible]	-0.1461	813 - [illegible]	47.1420	46.8670	-	-	-	-	-	-	-
Japan	[illegible]	[illegible]	[illegible]	168 - 341	167.010	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	3.2	177.2
Malaysia	[illegible]	[illegible]	-0.0145	[illegible] - 028	[illegible]	[illegible]	-	-	-	-	-	-	-
New Zealand	[illegible]	2.6387	-0.0133	366 - 408	[illegible]	[illegible]	[illegible]	-1.0	[illegible]	[illegible]	[illegible]	-0.3	-
[illegible]	[illegible]	[illegible]	-0.1278	285 - 908	[illegible]	[illegible]	-	-	-	-	-	-	-
Saudi Arabia	[illegible]	[illegible]	[illegible]	036 - 070	[illegible]	[illegible]	-	-	-	-	-	-	-
Singapore	[illegible]	[illegible]	-0.0154	971 - 993	[illegible]	2.3930	-	-	-	-	-	-	-
S Africa (Com.)	[illegible]	[illegible]	-0.015	984 - 076	[illegible]	5.0950	-	-	-	-	-	-	-
[illegible] (Fin.)	[illegible]	[illegible]	+0.0472	767 - 938	[illegible]	[illegible]	-	-	-	-	-	-	-
South Korea	[illegible]	[illegible]	-5.07	[illegible] - [illegible]	1216.70	[illegible]	-	-	-	-	-	-	-
Taiwan	(T$)	[illegible]	[illegible]	900 - 181	[illegible]	38.4500	-	-	-	-	-	-	-
Thailand	[illegible]	[illegible]	-0.1548	149 - 575	38.3270	38.0795	-	-	-	-	-	-	-

†SDR rate for Jan 19. Bid/offer spreads in the Pound Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but [illegible] Sterling index calculated by the Bank of England. Base average 1985 = 100. Bid, [illegible] in [illegible] the [illegible] derived from THE WM/REUTERS CLOSING SPOT RATES. Some values are rounded by the [illegible]

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Jan 21		Closing [illegible]	Change on day	Bid/offer spread	[illegible] high	[illegible]	[illegible]	[illegible]	Three [illegible]	[illegible]	[illegible] year [illegible]	%PA	[illegible]gan G'ty index
[illegible]													
[illegible]	(Sch)	12.2760	+0.074	735 - [illegible]	[illegible]	[illegible]	[illegible]	-2.6	[illegible]	-2.2	12.4367	-1.3	[illegible]
Belgium	(BFr)	36.3600	[illegible]	410 - 790	36.3800	36.1700	[illegible]	-4.1	36.72	-4.0	[illegible]	-2.5	102.4
[illegible]	(DKr)	6.7875	+0.029	850 - 900	6.8000	[illegible]	[illegible]	-3.8	[illegible]	-2.9	6.9035	-1.7	103.6
[illegible]	(FM)	5.6734	[illegible]	684 - 784	[illegible]	[illegible]	[illegible]	-2.2	[illegible]	-1.4	5.7209	-1.0	76.0
France	(FFr)	[illegible]	[illegible]	315 - 347	5.9400	[illegible]	5.9514	-3.7	[illegible]	-3.1	6.0441	-1.9	104.3
Germany	(D)	[illegible]	[illegible]	470 - 477	1.7480	1.7345	1.752	-3.1	[illegible]	-2.7	1.7765	-1.7	104.0
[illegible]	(Dr)	250.550	+1.85	300 - 800	251.120	[illegible]	254.1	-17.0	260.9	-16.5	[illegible]	-17.0	72.0
Ireland	(I£)	[illegible]	[illegible]	283 - 323	1.4415	[illegible]	[illegible]	[illegible]	[illegible]	2.8	[illegible]	1.9	-
Italy	(L)	1702.50	+6.6	200 - 300	1703.50	1695.25	1710.4	-5.6	[illegible]	-4.6	1763.55	-3.6	76.8
Luxembourg	(LFr)	36.3600	[illegible]	410 - 790	36.3800	36.1700	[illegible]	-4.1	[illegible]	-4.0	37.28	-2.5	102.4
[illegible]	(Fl)	1.9568	[illegible]	563 - 573	[illegible]	[illegible]	1.9607	-2.4	[illegible]	-2.0	1.9779	-1.1	103.4
Norway	(NKr)	7.5160	+0.0036	150 - 170	7.5240	7.4590	[illegible]	-2.2	7.5537	-2.0	7.613	-1.3	95.0
Portugal	[illegible]	176.295	[illegible]	220 - 370	[illegible]	[illegible]	177.495	[illegible]	[illegible]	-7.4	187.145	-6.2	94.1
Spain	(Pta)	143.075	[illegible]	050 - 100	143.200	[illegible]	[illegible]	-6.5	[illegible]	-5.5	149.15	-4.3	[illegible]
Sweden	(SKr)	8.0656	-0.025	606 - 706	[illegible]	8.0035	[illegible]	-5.0	[illegible]	-3.9	8.2976	-2.9	81.4
[illegible]	(SFr)	1.4658	+0.0118	653 - 663	1.4670	1.4510	1.4671	-1.1	[illegible]	-0.8	[illegible]	0.0	105.1
[illegible]	(£)	1.4950	-0.0046	947 - 952	1.5030	1.4940	1.4921	2.3	1.4869	2.2	1.473	1.5	91.7
[illegible]	-	1.1114	-0.0059	111 - 116	1.1170	1.0985	[illegible]	[illegible]	[illegible]	3.1	1.0901	1.9	-
[illegible]	-	1.37518	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	1.0001	+0.0001	000 - 001	1.0002	[illegible]	-	-	-	-	-	-	-
[illegible]	(Cr)	413.685	+6.71	680 - 690	413.720	[illegible]	-	-	-	-	-	-	-
[illegible]	[illegible]	1.3121	[illegible]	118 - 124	1.3140	1.3110	1.3129	-0.7	[illegible]	-0.5	1.3166	-0.3	88.9
[illegible]	(New Peso)	3.1060	-	050 - 070	3.1075	[illegible]	[illegible]	-0.7	[illegible]	-0.7	3.126	-0.6	-
[illegible]	($)	-	-	-	-	-	-	-	-	-	-	-	102.0
[illegible]													
[illegible]	(A$)	[illegible]	[illegible]	225 - 235	1.4275	1.4195	1.424	-0.9	1.4272	-1.2	1.4347	-0.8	85.4
Hong Kong	[illegible]	7.7228	[illegible]	223 - 233	7.7245	7.7220	7.7243	-0.2	7.7268	-0.2	7.7378	-0.2	-
[illegible]	(Rs)	[illegible]	-0.0012	[illegible] - 725	31.3725	[illegible]	[illegible]	-3.1	31.6538	-3.6	-	-	-
Japan	(Y)	111.210	-0.3	170 - 250	111.500	[illegible]	111.125	0.9	110.905	1.1	109.235	1.8	138.6
Malaysia	[illegible]	[illegible]	-0.0013	420 - 440	[illegible]	2.7300	2.74	1.3	2.7385	0.7	2.758	-0.5	-
New Zealand	[illegible]	1.7651	[illegible]	640 - 662	1.7735	[illegible]	[illegible]	-0.9	1.7703	-1.2	1.7809	-0.9	-
[illegible]	(Peso)	[illegible]	-	500 - 500	27.9500	[illegible]	-	-	-	-	-	-	-
[illegible]	(SR)	3.7495	+0.0008	490 - 500	3.7515	[illegible]	[illegible]	-1.4	3.767	-1.9	3.7762	-0.7	-
Singapore	[illegible]	1.0042	-0.0053	037 - 047	[illegible]	[illegible]	[illegible]	1.0	1.6006	0.9	1.6142	-0.6	-
S Africa (Com.)	(R)	3.4135	+0.0005	110 - 160	3.4190	[illegible]	[illegible]	-6.1	3.4597	-5.4	3.562	-4.4	-
S [illegible] (Fin.)	[illegible]	4.4050	[illegible]	000 - 100	[illegible]	4.3800	[illegible]	-7.4	[illegible]	-7.3	-	-	-
South Korea	(Won)	809.550	-0.9	500 - 600	810.400	[illegible]	812.55	-4.4	816.05	-3.2	834.55	-3.1	-
Taiwan	[illegible]	[illegible]	-0.03	200 - [illegible]	[illegible]	[illegible]	[illegible]	-2.7	[illegible]	-2.7	-	-	-
Thailand	(Bt)	25.5100	[illegible]	000 - 200	[illegible]	[illegible]	[illegible]	-1.8	[illegible]	-1.5	25.83	-1.3	-

†SDR rate for Jan [illegible]. Bid/offer spreads in [illegible] Dollar Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. Morgan Guaranty Changes shown for Jan 20. Base average 1990=100.

CROSS RATES AND DERIVATIVES

EXCHANGE CROSS RATES

Jan 21		BFr	DKr	FFr	DM	[illegible]	L	Fl	NKr	[illegible]	[illegible]	[illegible]	[illegible]	£	C$	$	Y	[illegible]
Belgium	(BFr)	100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	4.031	[illegible]	[illegible]	2.750	[illegible]	2.474
Denmark	(DKr)	53.58	[illegible]	[illegible]	[illegible]	1.030	[illegible]	2.862	11.07	259.7	210.7	11.88	2.159	[illegible]	[illegible]	1.473	[illegible]	1.325
France	(FFr)	61.29	11.44	10	[illegible]	1.178	[illegible]	[illegible]	12.67	[illegible]	241.1	[illegible]	2.470	1.127	2.211	[illegible]	187.5	[illegible]
Germany	[illegible]	20.81	[illegible]	[illegible]	1	[illegible]	[illegible]	1.120	[illegible]	[illegible]	[illegible]	4.617	0.839	[illegible]	0.751	[illegible]	[illegible]	[illegible]
Ireland	[illegible]	[illegible]	9.713	8.488	[illegible]	1	2435	[illegible]	[illegible]	[illegible]	204.7	11.54	2.097	0.957	1.877	1.431	159.1	1.287
Italy	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	0.041	100.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	6.534	[illegible]
Netherlands	(Fl)	18.56	3.470	3.032	0.893	[illegible]	[illegible]	1	[illegible]	[illegible]	73.13	4.123	0.749	[illegible]	[illegible]	0.511	[illegible]	0.460
Norway	(NKr)	48.36	9.030	7.891	2.324	[illegible]	[illegible]	[illegible]	10	[illegible]	190.3	[illegible]73	[illegible]	[illegible]	1.745	[illegible]	148.0	1.197
Portugal	[illegible]	[illegible]	3.851	[illegible]	[illegible]	[illegible]	[illegible]	1.110	[illegible]	[illegible]	81.15	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	63.09	[illegible]
Spain	[illegible]	[illegible]	[illegible]	4.147	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	0.917	0.699	77.75	0.629
Sweden	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	2110	[illegible]	[illegible]	[illegible]	177.4	[illegible]	1.817	[illegible]	1.626	1.240	137.8	1.115
Switzerland	[illegible]	[illegible]	[illegible]	[illegible]	1.192	0.477	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1	[illegible]	[illegible]	[illegible]	75.90	[illegible]
UK	(£)	[illegible]	10.15	[illegible]	2.612	[illegible]	[illegible]	2.925	11.24	[illegible]	213.9	[illegible]	2.191	1	[illegible]	1.495	[illegible]	1.345
Canada	[illegible]	27.72	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	6.732	134.4	[illegible]	6.150	1.117	[illegible]	1	0.762	84.80	0.686
US	[illegible]	[illegible]	[illegible]	[illegible]	1.747	[illegible]	[illegible]	[illegible]	[illegible]	176.3	143.1	[illegible]	1.466	[illegible]	1.312	1	111.2	[illegible]
Japan	(Y)	[illegible]	61.03	53.34	16.71	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	13.17	[illegible]	11.79	[illegible]	1000.	[illegible]
Ecu		[illegible]	[illegible]	[illegible]	[illegible]	0.777	[illegible]	2.175	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1.112	123.8	1

Yen per 1,000; Danish Kroner, French Franc, Norwegian Kroner and Swedish Kroner per 10; Belgian Franc, Escudo, Lira and Peseta per 100.

D-MARK FUTURES (IMM) DM 125,000 per DM

	Open	Sett price	[illegible]	[illegible]	[illegible]	[illegible]	Open int.
Mar	[illegible]	0.5683	-0.0048	[illegible]	[illegible]	[illegible]	141,053
Jun	0.5711	[illegible]	[illegible]	[illegible]	[illegible]	714	7,831
Sep	-	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	285

SWISS FRANC FUTURES (IMM) SFr 125,000 per SFr

Mar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Jun	[illegible]	0.6802	-0.0052	[illegible]	[illegible]	81	569
Sep	-	[illegible]	[illegible]	-	-	[illegible]	29

JAPANESE YEN FUTURES (IMM) Yen 12.5 per Yen 100

	Open	Sett price	Change	High	Low	Est.vol	Open int.
Mar	[illegible]	[illegible]	-0.0017	0.9118	[illegible]	[illegible]	98,444
Jun	[illegible]	[illegible]	-0.0015	[illegible]	0.9004	[illegible]	6,370
Sep	0.9175	0.9053	+0.0013	[illegible]	0.9087	[illegible]	[illegible]

STERLING FUTURES (IMM) £62,500 per £

Mar	1.4922	1.4872	-0.0056	1.4976	1.4864	13,686	43,171
Jun	-	1.4804	[illegible]	1.4910	1.4800	37	1,014
Sep	-	1.4750	-0.0062	1.4850	1.4750	1	11
Dec	-	1.4714	-0.0064	[illegible]	1.4730	7	10

PHILADELPHIA SE £/$ OPTIONS £31,250 (cents per pound)

Strike Price	[illegible] Feb	Mar	Apr	PUTS Feb	Mar	Apr
[illegible]	8.96	[illegible]	8.79	-	0.09	0.30
1.465	6.82	[illegible]	6.72	-	0.12	0.66
1.480	4.13	[illegible]	4.74	0.47	0.56	1.26
1.500	2.14	2.84	3.27	1.58	1.32	2.17
1.600	0.75	1.42	2.11	3.39	2.84	3.40
1.525	0.17	0.65	1.27	5.71	4.20	5.03

Previous day's vol., Calls 16,829 Puts 19,459 . Prev. day's open int., Calls 520,680 Puts 462,831

UK INTEREST RATES

LONDON MONEY RATES

Jan [illegible]	Over-[illegible]	7 days [illegible]	One month	Three months	Six [illegible]	One year
Interbank Sterling	5½ - 4	5⅛ - 5	5⅜ - 5¼	5⁷⁄₁₆ - 5⅜	5⅜ - 5¼	5⁷⁄₁₆ - 5⅜
[illegible]	-	-	5⅜ - 5⅜	5⅜ - 5¼	5⁵⁄₁₆ - 5¼	5¼ - 5⁵⁄₁₆
Treasury Bills	-	-	5⁵⁄₁₆ - 5⅛	5 - 4⅞	-	-
Bank Bills	-	-	5⁵⁄₁₆ - 5⅛	5⅛ - 5⅛	5 - 4⅞	-
Local authority deps.	4⅞ - 4⅞	5⅜ - 5⅛	5⅜ - 5¼	5⅜ - 5⅜	5⅜ - 5⅛	[illegible] - 5⅛
[illegible] deps.	5½ - 4½	5⅜ - 5¼	-	-	-	-

UK clearing bank base lending rate 5½ per cent from November 23, 1993

	Up to 1 month	1-3 [illegible]	3-6 [illegible]	6-9 [illegible]	9-12 months
[illegible] Tax dep. [illegible]	1¾	4¼	4	3½	3½

Certs of Tax dep. under £100,000 is 2¼pc. Deposits withdrawn for cash 1pc.
Ave. tender rate of discount 4.8849pc. E[illegible] fixed rate Stg. Export Finance. Make up day December 31, 1993. Agreed rate for period Jan 26, 1994 to Feb 25, 1994, Schemes II & III 6.66pc. Reference rate for period Dec 1, 1993 to Dec 31, 1993, Schemes IV & V 5.375pc. Finance House Base Rate 5½pc from Jan 1, 1994

BANK OF ENGLAND TREASURY BILL TENDER

	Jan 21	Jan 14
Bills on offer	£200m	£300m
Total of applications	£1030m	£968m
Total allocated	£200m	£200m
Min. accepted bid	£98.780	£98.770
Allotment at min. level	39%	18%

	Jan 21	Jan 14
Top accepted rate	4.8934%	[illegible]
Ave. rate of discount	4.8849%	4.9094%
Average yield	4.9451%	[illegible]
Offer at next tender	£200m	£200m
Min. accept. bid 182 days	-	-

FT GUIDE to [illegible]

The FT Guide to World Currencies table can be found on [illegible] 17 in today's [illegible]

Pound in New York

Jan 21	—Close—	- Prev. close -
£ spot	1.4925	[illegible]
1 mth	1.4895	[illegible]
3 mth	1.4843	1.4885
1 yr	1.4680	1.4749

FIXED INTEREST RATES

MONEY RATES

January 21	[illegible] night	One [illegible]	Three [illegible]	[illegible] mths	[illegible]	[illegible] inter.	[illegible]	Repo rate
Belgium	7¾	[illegible]	7⅝	[illegible]	6½	7.40	5.25	-
week ago	7¾	7⅝	7⅝	6⅞	6½	7.40	5.25	-
France	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	6.20	-	7.75
week ago	6½	6⅜	6⅜	[illegible]	6¼	[illegible]	-	7.75
Germany	5.98	6.05	5.80	[illegible]	[illegible]	6.75	5.75	6.00
week ago	6.00	6.05	5.80	[illegible]	[illegible]	6.75	5.75	6.00
Ireland	6¾	6	5⅞	5⅞	[illegible]	-	-	6.75
week ago	5⅞	6	5⅞	5¾	5⅝	-	-	6.75
Italy	9	8½	8¼	[illegible]	[illegible]	-	8.00	8.92
week ago	9¼	8½	8½	[illegible]	7⅝	-	8.00	8.92
Netherlands	5.56	5.44	5.22	[illegible]	4.81	-	5.25	-
week ago	5.56	5.44	5.20	[illegible]	[illegible]	-	5.25	-
Switzerland	4½	4½	4¼	3⅞	3¾	[illegible]	4.00	-
week ago	4¼	4¼	4¼	3⅞	3⅞	[illegible]	4.25	-
US	2¾	3	3⅛	3⅛	3½	-	3.00	-
week ago	2¾	3	3⅛	3¼	[illegible]	-	3.00	-
Japan	2⅛	2½	2⅛	2	1⅞	-	1.75	-
week ago	2⅜	2¼	2⅛	2⅛	2	-	1.75	-
$ LIBOR FT London								
Interbank Fixing	-	3⅛	3¼	[illegible]	3⅞	-	-	-
week ago	-	3⅛	3¼	3⅜	3¾	-	-	-
US Dollar CDs	-	2.96	3.02	3.15	3.44	-	-	-
week ago	-	2.95	3.04	3.19	3.51	-	-	-
SDR Linked Ds	-	3⅞	3⅞	3⅞	3⅞	-	-	-
week ago	-	3⅞	3⅞	3⅞	3⅞	-	-	-

3 Month US Treasury Bill Yield 3.01 Prime Rate 6pc $ LIBOR Interbank fixing rates are offered rates for $10m quoted to the market by four reference banks at 11am each working day. The banks are: Bankers Trust, Bank of Tokyo, Barclays and National Westminster. Mid rates are shown for the domestic Money Rates, US $ CDs and SDR Linked Deposits (Ds).

EURO CURRENCY INTEREST RATES

Jan 21	Short term	7 days notice	One month	Three months	Six months	One year
Belgian Franc	7⅞ - 7⅛	7¼ - 7⅛	7¼ - 7⅛	7¼ - 7⅛	6⅞ - 6⅞	6⅞ - 6⅞
Danish Krone	7¼ - 7	6¾ - 6½	6⅝ - 6½	6½ - 6	5⅞ - 5⅝	5⅝ - 5⅜
D-Mark	6⅛ - 6	6⅛ - 6⅛	6⅛ - 6	5⅞ - 5¾	5⅝ - 5½	5⅜ - 5¼
Dutch Guilder	5⅜ - 5⅜	5½ - 5⅜	5⁷⁄₁₆ - 5⅜	5¼ - 5⅛	5⅛ - 4⅞	4⅞ - 4¾
French Franc	[illegible] - 6½	6⅝ - 6½	6⅜ - 6¼	6⅜ - 6⅛	6⅛ - 6	5¾ - 5⅝
Portuguese Esc.	10⅝ - 10⅛	1[illegible] - 10⅝	11⅛ - 10½	11 - 10½	10⅞ - 10⅛	10⅛ - 9⅞
Spanish Peseta	9⅞ - 9¼	[illegible] - 9¼	9⅛ - 8⅞	8⅞ - 8⅝	8¼ - 8	8⅛ - 7⅞
Sterling	6¼ - 5⅞	5⅝ - 5½	5⅜ - 5⅜	5⅜ - 5⅜	5⅜ - 5¼	5¼ - 5⅛
Swiss Franc	4¼ - 4	4¼ - 4	4⅛ - 4⅛	4 - 3⅞	3¾ - 3¼	3⅞ - 3⅛
[illegible] Dollar	4⅛ - 3⅞	3⅞ - 3⅝	3⅛ - 3⅝	3⅛ - 3⅝	3⅞ - 3⅛	4⅛ - 3⅞
[illegible]	2⅞ - 2⅞	3⅛ - 2⅞	3⅛ - 3	3⅛ - 3⅛	3⅝ - 3⅛	3⅞ - 3⅞
[illegible]	10 - 8	8⅛ - 8	8⅛ - 7⅞	8⅛ - 7⅞	8⅛ - 7⅛	8⅛ - 7⅛
Yen	2⅛ - 2⅛	2⅛ - 2⅛	2⅛ - 2⅛	2⅛ - 2⅛	2⅛ - 2	2 - 1⅞
Asian $Sing	3½ - 2½	3½ - 2½	3½ - 2½	4 - 3	4 - 3	4¼ - 3¼

Short term rates are call for the US Dollar and Yen, others: two days' notice

THREE MONTH EURODOLLAR [illegible] $1m [illegible] of [illegible]

	Open	Sett price	Change	High	Low	Est. [illegible]	Open int.
Mar	96.65	96.64	-	96.66	96.63	46,195	420,423
Jun	96.36	96.35	-	96.38	96.33	78,506	387,922
Sep	96.07	96.04	-0.03	96.09	96.03	72,297	268,547
Dec	95.70	95.66	-0.03	95.72	[illegible]	34,600	204,836

US TREASURY BILL FUTURES (IMM) $1m per 100%

Mar	96.94	96.93	-	[illegible]	96.92	1,176	25,961
[illegible]	96.68	96.68	+0.01	[illegible]	96.67	539	8,225
Sep	96.41	[illegible]	-0.02	96.43	[illegible]	[illegible]	2,400

All [illegible] Interest figs. are for previous [illegible]

STOCK EXCHANGES

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Ltd., Goldman, Sachs & Co. and NatWest Securities Ltd. in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS Figures in parentheses show number of lines of stock	FRIDAY JANUARY [illegible] US [illegible] Index	[illegible]	[illegible]	Yen Index	DM [illegible]	Local Currency Index	Local % chg from 31/12/93	[illegible] Div. [illegible]	THURSDAY JANUARY 20 1994 US [illegible]	Pound Sterling [illegible]	Yen Index	DM [illegible]	Local Currency [illegible]	DOLLAR INDEX 1993/94 High	1993/94 Low	Year [illegible] (approx)
Australia (69)	178.18	8.8	178.71	[illegible]	[illegible]	166.64	3.1	3.05	179.90	177.86	[illegible]	[illegible]	169.76	179.90	118.12	118.12
Austria (17)	186.98	2.2	[illegible]	[illegible]	171.67	171.31	[illegible]	0.93	[illegible]	[illegible]	[illegible]	172.87	172.60	191.92	[illegible]	[illegible]
Belgium (42)	162.88	0.1	[illegible]	114.51	[illegible]	[illegible]	0.7	[illegible]	164.28	[illegible]	[illegible]	[illegible]	[illegible]	186.01	137.77	137.77
Canada (107)	142.80	5.2	141.62	[illegible]	[illegible]	[illegible]	4.2	2.47	144.70	[illegible]	101.99	[illegible]	137.25	145.31	111.41	111.41
Denmark (32)	263.50	[illegible]	[illegible]	[illegible]	239.37	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	242.32	246.83	[illegible]	195.66	203.98
Finland (22)	145.31	17.9	144.11	[illegible]	132.00	[illegible]	[illegible]	0.60	[illegible]	[illegible]	[illegible]	132.57	173.98	146.91	[illegible]	67.81
France (98)	175.38	-0.3	[illegible]	123.29	159.32	[illegible]	0.1	2.65	177.02	176.01	[illegible]	[illegible]	[illegible]	182.16	142.90	147.10
Germany (59)	129.00	-8.0	[illegible]	[illegible]	117.19	117.19	-7.4	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	105.56	106.62
Hong Kong (56)	470.21	-3.9	466.33	330.56	[illegible]	[illegible]	-4.0	[illegible]	[illegible]	[illegible]	[illegible]	416.53	457.77	[illegible]	225.77	237.12
Ireland (14)	207.53	12.1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	207.17	[illegible]	[illegible]	186.98	[illegible]	[illegible]	129.29	138.88
Italy (68)	68.44	-0.2	[illegible]	48.11	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	55.21	60.42
Japan (469)	141.90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	98.46	[illegible]	[illegible]	101.47
Malaysia (69)	482.79	-18.4	[illegible]	339.39	[illegible]	510.03	-16.9	1.42	477.55	472.14	[illegible]	[illegible]	504.73	621.63	258.19	[illegible]
Mexico (18)	2447.13	[illegible]	[illegible]	[illegible]	2223.03	[illegible]	2.5	[illegible]	[illegible]	2370.25	[illegible]	[illegible]	8141.63	2457.89	1410.30	1665.36
Netherland (26)	203.37	2.1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	200.95	143.27	[illegible]	[illegible]	203.67	153.15	153.79
New Zealand (14)	71.16	4.8	[illegible]	50.02	[illegible]	[illegible]	3.6	[illegible]	71.75	[illegible]	[illegible]	[illegible]	[illegible]	71.75	[illegible]	[illegible]
Norway [illegible]	[illegible]	8.6	[illegible]	[illegible]	177.13	[illegible]	8.5	[illegible]	[illegible]	[illegible]	137.47	[illegible]	[illegible]	[illegible]	138.46	143.50
[illegible]pore (45)	336.81	-8.4	334[illegible]	[illegible]	[illegible]	[illegible]	-8.6	1.66	333.53	[illegible]	235.10	[illegible]	[illegible]	[illegible]	211.20	211.20
[illegible] Africa (60)	252.94	-5.3	250.[illegible]	177.81	[illegible]	243.53	-2.8	[illegible]	260.13	257.17	[illegible]	234.74	[illegible]	[illegible]	[illegible]	155.09
Spain (42)	144.67	3.8	[illegible]	[illegible]	131.42	156.80	3.9	[illegible]	[illegible]	[illegible]	[illegible]	131.39	[illegible]	146.49	116.33	[illegible]
Sweden (36)	218.83	11.4	217.02	[illegible]	[illegible]	[illegible]	[illegible]	1.34	218.13	[illegible]	153.75	[illegible]	[illegible]	[illegible]	[illegible]	167.21
Switzerland (49)	167.40	[illegible]	[illegible]	[illegible]	152.07	[illegible]	3.2	1.43	169.16	[illegible]	119.23	[illegible]	[illegible]	169.16	[illegible]	112.39
United Kingdom (216)	213.29	[illegible]	211.52	[illegible]	[illegible]	211.52	[illegible]	[illegible]	213.17	[illegible]	[illegible]	[illegible]	210.78	213.29	[illegible]	169.34
USA (518)	192.88	1.6	[illegible]	135.59	[illegible]	[illegible]	1.8	2.71	193.02	[illegible]	[illegible]	174.19	[illegible]	193.24	176.29	178.13
EUROPE (744)	172.60	2.6	171.17	121.33	156.79	[illegible]	[illegible]	[illegible]	[illegible]	171.56	122.31	[illegible]	167.41	173.63	134.16	136.77
Nordic (113)	210.17	10.6	208.43	147.74	190.92	219.22	[illegible]	1.14	211.03	[illegible]	148.75	[illegible]	[illegible]	212.08	142.13	[illegible]
Pacific Basin (722)	[illegible]	[illegible]	[illegible]	108.65	[illegible]	112.19	6.0	1.09	[illegible]	150.52	107.39	[illegible]	110.84	168.80	105.17	106.54
Euro-Pacific (1466)	161.91	4.4	160.57	[illegible]	[illegible]	[illegible]	5.5	1.81	161.01	[illegible]18	113.49	[illegible]	132.62	162.87	118.78	118.78
North America (625)	189.78	1.8	188.19	[illegible]	[illegible]	[illegible]	1.8	2.70	[illegible]	[illegible]	[illegible]	171.47	[illegible]	[illegible]	172.67	174.01
Europe Ex. UK (529)	147.94	0.3	146.71	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	134.75	142.40	[illegible]	115.10	[illegible]
Pacific Ex. Japan (253)	275.53	-3.9	273.35	[illegible]	250.39	[illegible]	-4.6	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	296.21	155.37	156.20
World Ex. US (1651)	163.94	4.2	[illegible]	115.25	148.93	[illegible]	[illegible]	[illegible]	163.17	161.32	[illegible]	147.25	[illegible]	163.94	119.91	[illegible]
World Ex. UK (1954)	168.69	3.0	[illegible]	[illegible]	[illegible]	[illegible]	4.1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	168.69	135.68	135.68
World Ex. So. Af. (2109)	172.10	3.4	170.66	120.96	[illegible]	[illegible]	4.0	2.15	171.58	[illegible]	[illegible]	[illegible]	[illegible]	172.10	138.60	[illegible]
World Ex. Japan (1700)	190.42	1.4	[illegible]	133.86	172.98	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	134.51	[illegible]	[illegible]	[illegible]	159.44	159.47
The World Index (2169)	172.57	[illegible]	171.14	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	172.11	170.15	121.31	155.31	[illegible]	172.57	138.60	138.60

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Base values: Dec 31, 1986 = 100; Finland: Dec 31, 1987 = 115.037 ([illegible] $ Index), 90.791 (Pound Sterling) and 94.94 (Local); Nordic: Dec 30, 1988 = 139.65 (US $ Index), 114.[illegible] (Pound Sterling) and 123.22 (Local)

STOCK INDICES

	Jan 21	Jan 20	Jan [illegible]	Jan [illegible]	Jan 17	1993/94 [illegible]	[illegible]	Since comp. High	Low
FT-SE 100	3484.2	3470.0	3475.1	3437.0	3407.8	3484.2	[illegible]	[illegible]	986.9
FT-SE [illegible] 250	4105.8	4105.4	4148.8	4013.3	[illegible]	4148.8	2878.3	[illegible]	1379.4
FT-SE [illegible] 250 ex ITs	4119.6	4117.3	[illegible]	[illegible]	3957.2	[illegible]	2874.6	[illegible]	[illegible]
FT-SE-A 350	[illegible]	1759.3	1760.6	[illegible]	1714.6	1760.6	[illegible]	[illegible]	[illegible]
FT-SE SmallCap	2023.71	2015.79	2014.21	[illegible]	1954.24	2023.71	[illegible]	2023.71	[illegible]
FT-SE SmallCap ex ITs	[illegible]	[illegible]80	1977.35	1943.81	1916.86	1990.41	1380.06	1990.41	[illegible]
FT-SE-A All-Share	1743.65	1738.06	1743.78	1715.63	1697.81	1743.78	1330.19	1743.78	[illegible]

	Jan [illegible]	Jan 20	Jan 19	Jan 18	Jan 17	1993/94 High	[illegible]	Since comp. High	Low
FT-SE Eurotrack 100	[illegible]	1475.95	1468.83	1479.03	1474.05	1488.83	1053.02	1488.83	900.45
FT-SE Eurotrack 200	[illegible]	1560.50	1570.42	1559.38	1552.53	1570.42	1144.79	1570.42	938.62
FT Ordinary	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	2698.4	[illegible]	[illegible]	[illegible]
FT Govt Securities	[illegible]	[illegible]	[illegible]	[illegible]	105.75	107.80	93.28	127.40	49.18
FT Fixed Interest	[illegible]	[illegible]	[illegible]	[illegible]	131.54	133.87	106.67	133.87	50.53
FT Gold Mines	236.7	[illegible]	[illegible]	[illegible]	[illegible]	277.9	60.0	734.7	43.5

BASE LENDING RATES

	%
Adam & Company	5.5
Allied Trust Bank	5.5
AIB Bank	5.5
●Henry Ansbacher	5.5
Bank of Baroda	5.5
Banco Bilbao Vizcaya	5.5
Bank of Cyprus	5.5
Bank of Ireland	5.5
Bank of India	5.5
Bank of Scotland	5.5
Barclays Bank	5.5
Brit Bk of Mid East	5.5
●Brown Shipley	5.5
CL Bank Nederland	5.5
Citibank NA	5.5
City Merchants Bank	5.5
Clydesdale Bank	5.5
The Co-operative Bank	5.5
Coutts & Co	5.5
Credit Lyonnais	5.5
Cyprus Popular Bank	5.5
Duncan Lawrie	5.5
Exeter Bank Limited	6.5
Financial & Gen Bank	6
●Robert Fleming & Co	5.5
Girobank	5.5
●Guinness Mahon	5.5
Habib Bank AG Zurich	5.5
●Hambros Bank	5.5
Heritable & Gen Inv Bk.	5.5
●Hill Samuel	5.5
C. Hoare & Co	5.5
Hongkong & Shanghai.	5.5
Julian Hodge Bank	5.5
●Leopold Joseph & Sons	5.5
Lloyds Bank	5.5
Meghraj Bank Ltd	5.5
Midland Bank	5.5
* Mount Banking	6
NatWestminster	5.5
●Rea Brothers	5.5
* Roxburghe Bank Ltd is no longer authorised as a banking institution.	6
Royal Bk of Scotland	5.5
●Smith & Williamson Secs.	5.5
Standard Chartered	5.5
TSB	5.5
●United Bk of Kuwait	5.5
Unity Trust Bank Plc	5.5
Western Trust	5.5
Whiteaway Laidlaw	6.5
Wimbledon & Sth West.	6.5
Yorkshire Bank	[illegible]

● Members of British [illegible] Banking & Securities Houses Association
* [illegible]

BANK RETURN

BANKING DEPARTMENT	Wednesday January 19, 1[illegible]	Increase or decrease for [illegible]
Liabilities	£	£
Capital	14,553,000	
Public deposits	4,019,754,015	-284,018,610
[illegible] deposits	1,441,941,966	-3,062,348
Reserve and other [illegible]	5,493,229,204	+632,852,678
	[illegible]	+645,771,720
[illegible]		
Government securities	1,357,308,783	+298,144,999
Advance and other accounts	9,156,884,114	+343,580,825
Premises, equipment and [illegible] secs	446,440,210	+1,808,166
[illegible]	8,576,473	+2,213,215
Coin	268,635	+24,515
	10,969,478,185	+345,771,720
ISSUE DEPARTMENT		
Liabilities		
Notes in circulation	17,191,423,527	-342,213,215
Notes in Banking Department	8,576,473	+2,213,215
	17,200,000,000	-[illegible]
Assets		
Government debt	11,015,000	
Other Government [illegible]	5,286,249,380	-[illegible]
Other Securities	11,902,735,520	[illegible]
	17,200,000,000	[illegible]

LONDON RECENT ISSUES: EQUITIES

Issue price p	[illegible] paid up	Mkt. [illegible] (£m.)	[illegible] High	[illegible] Low	[illegible]	Close price p	+/-	[illegible]	Div. [illegible]	[illegible]	[illegible]
-	F.P.	88.3	73	¾	Baring Emrg Euro	71¼		-	-	-	-
-	F.P.	11.8	49½	½	Do Warrants	47½		-	-	-	-
[illegible]	F.P.	[illegible]	100	98	Fairbairn [illegible] Sm	98		-	-	-	-
-	F.P.	33.9	[illegible]	101½	Finsbury Under'wrt	[illegible]		-	-	-	-
[illegible]	F.P.	47.0	119	100	For & Col Small C	117½		-	-	-	-
[illegible]	P.P.	[illegible]	60	59	Friends Prov Eth	60		-	-	-	-
120	P.P.	37.8	126	121	Do. Units	126		-	-	-	-
[illegible]	[illegible]	18.8	[illegible]	61	Do. Zero Div Pf	62½		-	-	-	-
-	F.P.	[illegible]	[illegible]	83	Patheon Wrts	[illegible]		-	-	-	-
[illegible]	F.P.	17.4	113	100	[illegible] Inv C	113		-	-	-	-
[illegible]	F.P.	[illegible]	[illegible]	44	Rackwood	45		-	-	-	-
[illegible]	F.P.	2.13	11½	10¼	[illegible]	11½		-	-	-	-
60	F.P.	11.7	78	60	§Securitised En.	77	46	[illegible]	1.0	5.7	[illegible]

† Introduction. § Placing price. F.P. Fully-paid security. For an explanation of other notes, please refer to the Guide to the London Share Service

FIXED INTEREST STOCKS

Issue price £	Amount [illegible] up	Latest Renun. date	1993/94 [illegible]	[illegible]	[illegible]	Closing [illegible] £	+or-
-	F.P.	-	95	[illegible]	Budgens 5pc Cv 2003	[illegible]	
[illegible]	P.P.	-	[illegible]	[illegible]	[illegible] Ln '95/97	[illegible]	
-	F.P.	-	110¼p	99¼p	Sun Alliance 7⅜pc Pf	110p	-¼
100p	Nil	18/2	40½pm	27½pm	Trafalgar Hse [illegible] Pf	40½ppm	+2¼
-	F.P.	-	129½	[illegible]	Wilan 6¼pc Bds	129½	+½

pm Price at [illegible] p Pence.

RIGHTS OFFERS

Issue price [illegible]	Amount paid up	[illegible]	1993/94 High	[illegible]	[illegible]	Closing price p	+or-
48	Nil	17/2	20pm	[illegible]	Anglo Irish	19pm	
73	Nil	31/1	15pm	11pm	[illegible]	15pm	
88	Nil	9/2	19pm	16pm	Crest Nichols[illegible]	16pm	
5	Nil	21/2	9½pm	[illegible]	Europe Energy	6pm	-2
68	Nil	24/2	7pm	1½pm	[illegible]	1½pm	
25	Nil	9/2	1¾pm	¾pm	§Remus	1¾pm	

pm Price at a premium.

MONEY MARKET FUNDS

Money Market Trust Funds

CAF Money Management Co Ltd [illegible]
The COIF Charities Deposit Account [illegible]
Cent. Bd. of Fin. of Church of England [illegible]
Gartmore Money Management Ltd [illegible]

Money Market Bank Accounts

[illegible] Home Bank plc [illegible]
Allied Trust Bank Ltd [illegible]
American Express Bank Ltd [illegible]
Bank of Ireland High Interest Cheque Acc [illegible]
Bank of Scotland [illegible]
Barclays Select [illegible]
Barclays Prime Account H.I.C.A. [illegible]
Brown Shipley & Co Ltd [illegible]
Caledonian Bank Plc [illegible]
Cater Allen Ltd [illegible]
Charterhouse Bank [illegible]
[illegible] Flexible Solution Acc [illegible]
The Co-operative Bank [illegible]
Dao Heng Bank (London) PLC Premier Acc [illegible]
Davenham Tst Plc-Davenham 500 Acc [illegible]
Fidelity Money Market Account [illegible]
Gartmore Money Management Ltd [illegible]
Halifax Bldg Soc Asset Reserve Cheque Acc [illegible]
Julian Hodge Bank Ltd [illegible]
Humberclyde Finance Group [illegible]
Leopold Joseph & Sons Limited [illegible]
Kleinwort Benson Ltd [illegible]
Kleinwort Benson Private Bank [illegible]
Lloyds Bank - Investment Account [illegible]
Midland Bank plc [illegible]
Nationwide Bldg Soc - Businessinvestor [illegible]
Portman Bldg Soc Prestige Cheque Account [illegible]
Rea Brothers Limited, Bankers [illegible]
Royal Bank of [illegible] plc Premium Acc [illegible]
Save & Prosper/Robert Fleming [illegible]
Tyndall Bank plc [illegible]
ULC Trust Limited [illegible]
United Dominions Trust Ltd [illegible]
J. Henry Schroder Wagg & Co Ltd [illegible]
Western Trust High Interest Cheque Acc [illegible]
Wimbledon & South West Finance PLC [illegible]

NOTES - [illegible]

[illegible]

... Pool Purchase Price is the base of the majority of payments made to generators in respect of electricity traded through the pool. The calculation of pool prices is a highly complex process the product of which is subject to revision or correction (and sometimes major alterations) until final pool prices are determined approximately twenty-four days after the day of trading. Accordingly, due to the possibility of their revision and/or correction, no reliance should be placed upon provisional pool prices for any day being the same as final pool prices for that day. Final pool prices are also capable of revision. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Further information on pool prices is provided on behalf of the Pool by Energy Settlements and Information Services Limited. Anyone wishing to receive such information should telephone 0602-459789 between 8.30am and 5.15pm Monday to Friday.
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LONDON SHARE SERVICE

BANKS

	Notes	Price	Wk% ch'nge	Div net	Div cov.	Dividends paid	Last xd	City line
ABN Amro Fl		£23⅔	–.6	Q58%	1.8	Sep May	1.3	1567
ANZ A$		247½	6.3	Q20c	ϕ	Jan Jul	9.12	1698
Abbey National	†	508	–2.3	11.25	2.3	May Oct	16.8	5411
Allied Irish IE	♣†	303	–1.0	044%	2.1	Oct May	16.8	1354
Anglo Irish IE		69xa	1.5	017.9%	ϕ	Jan Jul	29.11	1355
Asahi Y		688¼	3.9	014%	1.3	Jun Dec	12'92	3049
Banco Bil Viz Pta		£14⅓	–.2	027.2%	2.7	JyOcJaAp	13.7	–
Banco Sant Pta		£29½		034.7%	2.0	ApJyOcJa	30.10	–
Bank Leumi (UK)		375		17.0	–	Apr Sep	2.8	1740
Bk Ireland IE	♣	313	0.6	013¼%	1.5	Jul Dec	15.11	1380
Bank Scotland	♣†	238	7.7	4.67	1.6	Dec Jul	18.10	1742
8¼pc Pf		140¼	2.6	9¼%	–	May Nov	18.10	1482
9¼pc Pf		147¼	2.4	9¼%	–	May Nov	18.10	–
Barclays	†	621	3.5	12.5	–	Oct May	16.8	1754
Dai Ichi Kan Y		£11⅓	7.5	018%	3.2	Jun Dec	27.9	3221
Deutsche DM		£307⅓	–4.4	030%	–	May	24.5	2345
Espirito Santo		£25½	3.2	Q120c	5.2	Jun	4.6	5187
First Nat Fin		84xd	13.5	1.5	ϕ	Mar	17.1	2571
6.3pc Cv Pf		88xd	0.6	6.3%	–	Jul Jan	4.1	2570
7pc Cv Pf		166xd	16.9	7.0	–	Jul Jan	4.1	–
Fuji Bank Y		1278¼	6.0	017%	2.3	Dec Jun	4.7	[illegible]
HSBC HK	†	1000	8.0	20.0	2.0	Nov Jun	20.9	[illegible]
HSBC (75p Shs)	†	990	8.7	20.0	2.0	Nov Jun	20.9	[illegible]
Lloyds	†	648	4.0	19.1	1.9	Oct May	2.8	[illegible]
Mitsubishi Y		£17¼	[illegible]	017%	2.3	Jun Dec	12'92	[illegible]
Mits Tst & Bk Y		815	[illegible]	016%	12.4	Jun Dec	12'92	[illegible]
Mitsui Tst & Bk Y		658¼	13.2	017%	5.5	Jun Dec	12'92	[illegible]
Nat Aust A$		581	1.7	050c	ϕ	Jul Jan	9.6	[illegible]
NatWest	†	605	1.9	17.8	1.0	Oct May	16.8	[illegible]
Ottomane FFr		£31	1.6	0150%	2.3	May	12.5	[illegible]
Ryl Bk Scotland		466xd	3.3	11.0	1.9	Feb Jul	13.12	[illegible]
Sakura Y		£9½	1.2	017%	3.0	Dec Jun	12'92	[illegible]
Sanwa Y		£13½	8.8	017%	2.7	Jun Dec	12'92	[illegible]
Standard Chartd	†	1360	16.4	20.5	0.1	Jun Oct	16.8	[illegible]
Sumitomo Y		[illegible]	7.3	017%	8.7	Jun Dec	12'92	[illegible]
Sumitomo [illegible] Y		[illegible]	1.9	017%	2.3	Jun Dec	12'92	[illegible]
TSB		[illegible]	7.5	7.88	1.6	Apr Oct	16.8	[illegible]
Tokai Y		[illegible]	4.8	016%	2.8	Jun Dec	12'92	[illegible]
Toyo Tst & Bk Y		[illegible]	–2.2	015½%	2.3	Jun Dec	30.6	[illegible]
Westpac A$		[illegible]	3.2	Q12c	ϕ	Jan Jul	21.12	[illegible]
Yasuda Tst Bk Y		[illegible]	[illegible]	5½%	2.1	Jun Dec	12'92	[illegible]

BREWERIES

BUILDING & CONSTRUCTION

BUILDING MATS. & MERCHANTS

BUILDING MATS. & MERCHANTS - Cont.

CHEMICALS

DISTRIBUTORS

DIVERSIFIED INDUSTRIALS

ELECTRICITY

ELECTRONIC & ELECTRICAL EQPT

ELECTRONIC & ELECTRICAL EQPT - Cont.

ENGINEERING

ENGINEERING, VEHICLES

ENGINEERING, VEHICLES - Cont.

EXTRACTIVE INDUSTRIES

FOOD MANUFACTURERS

GAS DISTRIBUTION

HEALTH CARE

HOUSEHOLD GOODS

INSURANCE

INVESTMENT TRUSTS

INVESTMENT TRUSTS - Cont.

LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

Net asset values supplied by NatWest Securities Limited

INVESTMENT COMPANIES

LEISURE & HOTELS

LEISURE & HOTELS - Cont.

LIFE ASSURANCE

MEDIA

MERCHANT BANKS

OIL EXPLORATION & PRODUCTION

OIL, INTEGRATED

OIL, INTEGRATED - Cont.

OTHER FINANCIAL

OTHER SERVICES & BUSINESSES

PHARMACEUTICALS

PRINTING, PAPER & PACKAGING

PROPERTY

PROPERTY - Cont.

RETAILERS, FOOD

RETAILERS, GENERAL

SPIRITS, WINES & CIDERS

SUPPORT SERVICES

TELECOMMUNICATIONS

TEXTILES & APPAREL

TOBACCO

TRANSPORT

TRANSPORT - Cont.

WATER

AMERICANS

CANADIANS

SOUTH AFRICANS

	Notes	Price	W'k% ch'nge	Div net	Div cov	Dividends paid	Last xd	City line
Anglo Am Ind		£13½	--	Q350c	1.7	Oct Apr	22.3	-
Barlow Rand		£4¼	--	Q175c	1.7	Jan Jul	13.12	1760
Gold Fields SA R		£14⅞	-11.2	Q200c	1.5	Mar Sep	28.1	2717
MK Props		90	-	Q67.1c	ф	Mar Oct	19.10	-
SASOL	♥	292	1.0	Q78c	-	Oct	23.9	3918
SA Brews		£12⅜	-4.7	Q138c	2.2	Dec Jun	13.12	4113
Tiger Oats		713	-3.4	Q82c	2.9	Jan Feb	29.11	5222
Tongaat-Hulett	†	434xd	-4.0	Q75c	2.4	Feb Aug	4.1	5221

GUIDE TO LONDON SHARE SERVICE

Prices for the London Share Service delivered by Extel Financial, a member of the Financial Times Group

Company classifications are based on those used for the FT-SE Actuaries Share Indices.

Closing mid-prices are shown. Prices and net dividends are in pence unless otherwise indicated.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Dividend covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsetable ACT. Market Capitalisations are published on Tuesdays-Saturdays except for Investment Trusts and British Funds.

- □ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ) and non-UK stocks through the SEAQ International system.
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ф Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ Free annual/interim report available, see details below.
- ✧ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Not officially UK listed; dealings permitted under Rule 535(2)
- # Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress
- § Forecast dividend; cover based on earnings updated by latest interim statement.
- ♠ Unregulated collective investment scheme.

a Annualised dividend. b Figures based on prospectus or other official estimates. c Cents. f Flat yield. g Assumed dividend. h Assumed dividend after scrip issue. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend excludes a special payment. t Indicated dividend: cover relates to previous dividend. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Not subject to ACT.

z Dividend includes a special payment: Cover does not apply to special payment. F Dividend based on prospectus or other official estimates for 1994-95. G Assumed dividend after pending scrip and/ or rights issue. H Dividend based on prospectus or other official estimates for 1993. K Dividend based on prospectus or other official estimates for 1994. L Estimated annualised dividend, cover based on latest annual earnings. M Dividend based on prospectus or other official estimates for 1993-94. N Figures based on IIMR "Headline Earnings". P Figures based on prospectus or other official estimates for 1994. Q Gross. R Forecast annualised dividend, cover based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1235 a year for each security shown, subject to the Editor's discretion.

FT Share Service

The following changes have been made to the FT Share Information Service: Additions: Butte (Extractive Inds), Abtrust Lloyds Ord & Wrts and CLM (Insce), Aberforth Split Level C, Morgan Grenfell Equity C, Smlr Co's Wrts '99 (Inv Tsts), Gartmore (Other Fincl), Chelsfield (Prop) and DFS Furniture (Rtrs Gen). Deletions: Ferranti (Elclm & Elect.), JF Fledg Japan Wrts (Inv Co's), Estates & General (Prop) and P-E Intl (Support Servs).

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For up-to-the-second share prices call FT Cityline on 0336 43 or 0891 43 followed by the four-digit code listed after the share price. Calls charged at 36p per minute cheap rate and 48p per minute at all other times.
An international service is available for callers outside the UK, annual subscription £250 stg.
Call 071-873 4378 (+44 71 873 4378, International) for more information on FT Cityline.

4 pm close January 21

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1993/94 High	Low	Stock	Div	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
15¾	11½	AAR	0.48	3.0	529	1003	u16	15⅝	15⅞	+¼
29⅛	12¾	A L Labs A	0.18	1.2	36	574	15⅞	15½	15⅝	-⅛
67¼	54⅝	ASP	1.60	2.5	22	1559	64⅞	63¾	64⅛	+⅝
72¾	55½	AMR			54	2967	70⅝	69¾	69¾	-⅞
4¼	1¾	ARX			17	2033	u4½	4⅛	4⅜	+¼
56⅛	29⅞	ASA	2.00	3.8	34	1458	53⅛	52⅛	52¾	-⅜
30¾	22⅞	AbbtL	0.68	2.4	17	10420	29⅜	28¾	28¾	-⅝
13	3¾	AbitEx Pr	0.50	3.9	8	56	12¾	12⅝	12¾	-¼
15⅝	8¾	Accptocoln			24	94	13½	13¼	13¼	-⅛
36	25½	ACE Ltd	0.40	1.4	5	658	28⅞	28⅝	28¾	-⅛
12⅝	10⅞	ACM Gvt In	1.06	8.5		236	12⅜	12¼	12⅜	
10⅛	9⅛	ACM GvOpp	0.80	8.0		139	10	9⅞	10	
10⅝	8¾	ACM Gvt Sp	0.95	9.2		943	u10⅝	10⅜	10⅜	-⅛
12¼	10½	ACM Gvt Se	1.04	8.8		803	11¾	11⅝	11¾	
12¼	9⅝	ACM Man	1.08	9.4		318	11½	11⅜	11½	
9⅞	8⅝	ACM Managd	0.72	7.8		39	9¼	9⅛	9¼	
12⅜	7¾	AcmeClv	0.44	4.5	12	166	10⅛	9¾	9¾	-⅜
11⅝	6⅜	Acme Elect			36	77	8	7⅞	8	+⅛
27⅝	18⅜	Acordia	0.44	1.8	13	77	24⅝	24¼	24⅝	+¼
18	10⅝	Acuson			57	1351	13	12¾	12¾	-⅜
21¾	17⅞	Adams Expr	0.52	2.8	0	55	18⅜	18¼	18⅜	
66¼	45½	Ad Micro	3.00	6.2		106	48¾	48⅜	48¾	+¼
32¾	16¾	AdvMc	3.08	15.7	8	4119	19¾	18½	19⅝	+⅜
8⅛	5½	Advest Grp	0.16	2.4	11	211	6⅞	6⅝	6⅝	
24¾	14¼	Advo Inc	0.03	0.4	88	331	18¾	18½	18½	-¼
58½	41⅛	Aegon ADR	1.23	2.2	12	25	54¾	54½	54¾	+⅝
66¼	43⅜	AetnaL	2.76	4.8	25	4151	59⅞	59	59⅜	
34	24¾	Aflac	0.40	1.6	11	2919	25⅜	25¼	25½	-⅛
22⅛	16¾	Ahmnsn	0.88	4.7	8	4677	19½	18⅝	18⅝	-¾
[illegible]										

- A - - B - - C - - D - - E - - F - - G - - H - - I - - J - - K - - L - - M - - N - - O - - P - Q - - R - - S -

Continued on next page

NYSE COMPOSITE PRICES

4 pm close January 21

1993/94 High	Low	Stock	Div	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
Continued from previous page										
55 1/2	37 1/2	StJoePaper	0.20	0.4	276	42	53 1/8	52 1/8	52 1/2	-7/8
37 7/8	28	StJosLtP	1.60	6.3	11	32	28 5/8	28 1/2	28 5/8	+1/8
95	75	StPaul	2.80	3.2	42	758	88 3/4	87 5/8	88 3/4	+1/2
11 1/8	6 1/8	Salant Crp			11	2847	9	8 1/2	8 7/8	-1/8
75 1/4	39 7/8	Sallie Mae	1.40	2.9	9	5328	48	47 7/8	47 7/8	+1/8
14 3/8	12 5/8	Salomon Br	0.55	4.2		228	13 3/8	13 1/4	13 1/4	
51 7/8	34	Salomon	0.64	1.4	11	1282	45 1/2	45 1/4	45 1/4	-1/4
27 3/4	23 1/4	SnDgG2	1.48	6.2	12	1645	23 7/8	23 3/4	23 3/4	+1/8
5	3 1/2	SantaFeEDu	0.40	8.2	48	10	4 7/8	4 7/8	4 7/8	
11 7/8	8 3/8	SantaFeERs	1.40	14.7	316	2829	9 5/8	9 1/2	9 1/2	-1/8
40 3/4	35 3/4	SantaFePac	2.80	7.1	18	47	40	39 1/2	39 1/2	-1/4
28 1/4	12 3/4	SanFeP	0.10	0.4	10	6096	25 1/4	24 1/2	24 5/8	-5/8
31 1/8	21	SaraLee	0.64	2.7	16	10255	24 1/4	23 3/4	23 3/4	
52 1/4	40 1/8	Scana Corp	2.74	5.7	13	157	48	47 7/8	47 7/8	
25 3/4	18	Scecorp	1.42	7.4	13	5203	19 3/8	19 1/8	19 1/4	-1/8
38 7/8	23 7/8	SchererRP			30	184	37 3/8	37	37 3/8	+3/8
71	51 3/4	SchrPl	1.80	2.8	15	5785	63 5/8	63	63 3/8	-3/8
68 7/8	55 1/8	Schlmb	1.20	2.0	23	6016	60	59 1/2	59 3/4	
38 3/8	16 1/2	Schwab(C)	0.28	1.0	13	4325	27 7/8	27 1/2	27 7/8	
7 3/4	5 5/8	Schwitzer			102	95	7 1/4	7 1/8	7 1/4	
38 7/8	17 3/4	SciAtl	0.12	0.4	50	7568	34 1/4	32 3/4	33	-2
15	9 1/8	Scotsman	0.10	0.7	14	12	14 3/4	14 1/2	14 5/8	-1/8
44	31	ScottP	0.80	1.9	27	3347	43 1/4	42 1/8	43	+3/8
28 5/8	14 1/4	ScuddrNAsF	0.27	1.1		247	26 1/8	25 5/8	25 5/8	-5/8
11 1/8	7 1/2	ScuddrNEuF	0.16	1.5		620	10 5/8	10 1/2	10 1/2	-1/8
31 1/2	16 3/4	SeaCntS	0.70	3.9	8	44	18	17 3/4	18	
17	15	SeaC1.4625	1.46	9.1		13	16	16	16	
30 3/4	24 1/2	Seagate	0.56	1.9	37	4665	29 3/4	29 1/2	29 5/8	-1/4
32 7/8	15	Seagull En			47	760	27 1/2	26 3/4	26 3/4	-1/2
32	21	Sealed Air			23	608	29 1/4	29 1/4	29 3/8	-1

1993/94 High	Low	Stock	Div	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
33 1/2	13 3/4	Wolverine	0.16	0.5	20	284	32 3/4	31 3/4	31 3/4	-1/8
32 3/4	20 1/2	Woolwth	1.16	4.5	11	2411	25 5/8	25 3/8	25 5/8	
17 3/4	11 3/4	World Wide	1.20	6.9		47	17 5/8	17 3/8	17 1/2	
7	2 3/4	Worldcorp			2	174	5 7/8	5 3/4	5 3/4	
46 1/8	29 1/2	Wrigley	0.40	0.9	30	1329	45 5/8	44 7/8	45	-1/4
21	14	Wyle Labor	0.28	1.6	14	74	18 1/8	17 3/4	17 3/4	-3/8
23 3/4	18 3/4	Wynns Intl	0.44	2.0	13	37	22 1/4	21 1/2	21 1/2	-5/8

- X - Y - Z -

1993/94 High	Low	Stock	Div	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
93 1/2	68 7/8	Xerox	3.00	3.2	36	2473	u93 1/2	92 3/8	92 5/8	-7/8
55 1/2	51 1/2	Xerox4.125	4.12	7.8		10	52 5/8	52 5/8	52 5/8	-3/8
53	31 1/4	Xtra Corp	0.48	1.0	23	80	49 3/4	49 1/2	49 3/4	+1/4
29 1/4	19 1/2	Yankee Egy	1.16	4.8	14	38	24 5/8	24	24	-3/8
1 5/8	1/4	Zapata			17	329	1 3/8	1 1/4	1 1/4	
10 1/2	5 7/8	ZnthEl			3	897	8 1/4	8	8 1/8	-1/8
29 1/4	19 5/8	Zenith Nat	1.00	4.3	10	63	23 3/8	23	23 1/8	
8	6 1/2	Zenix Inc	0.82	10.7		258	7 5/8	7 5/8	7 5/8	
16 5/8	12 5/8	Zero	0.40	2.9	17	43	13 3/4	13 5/8	13 3/4	
40 1/4	25 1/8	Zurn Ind	0.88	3.1	80	418	28 1/8	28	28	
13 7/8	12 5/8	Zweig Fund	1.24	9.0		154	13 3/4	13 5/8	13 3/4	
10 7/8	9 7/8	Zweig Totl	0.96	9.0		394	10 3/4	10 5/8	10 5/8	

Price data supplied by Telekurs

Yearly highs and lows reflect the period from Jan 1 1993.
Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration. Sales figures are unofficial.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

4 pm close January 21

NASDAQ NATIONAL MARKET

4 pm close January 21

FT GUIDE TO THE WEEK

24 MONDAY

Japanese coalition crisis

Members of Japan's ruling coalition meet the opposition Liberal Democratic party in an attempt to revive the political reform bill, crippled by a defeat in the upper house of parliament on Friday. Prime minister Morihiro Hosokawa hopes to persuade the LDP to form a joint panel of the upper and lower houses of parliament to agree to a watered down version of his four reform bills. He has given himself until the end of the parliamentary session on January 29 to get the bills through.

Mr Hosokawa said he would still attend the US-Japan summit in Washington on February 11, to conclude talks on opening Japan's market to imports. Three Japanese vice-ministers meet their US counterparts in Washington today for critical talks on the bilateral "framework" trade agreement.

Patten seeks approval: Chris Patten, governor of Hong Kong, attends a meeting of the British Cabinet's Hong Kong sub-committee. The governor is expected to seek approval to push ahead with his democracy proposals in the form of a second bill to be put to Hong Kong's legislature in March.

US-China talks: US secretary of state Warren Christopher meets Chinese foreign minister Qian Qichen in Paris. They will follow up treasury secretary Lloyd Bentsen's talks in Beijing last week. The US has said China's human rights record must improve if it is to retain its most favoured nation trading status.

The Council of Europe holds its winter parliamentary assembly from Monday to Friday in Strasbourg. The main topic is the conflict in former Yugoslavia. Thorvald Stoltenberg, the UN mediator, speaks on Tuesday and Israeli prime minister Yitzakh Rabin on Friday.

Delegations from the parliaments of the Council's 32 member states will also debate plans for new applicants after receiving applications from Russia, Ukraine, Albania, Belarus, Croatia, Latvia, the former Yugoslav republic of Macedonia, and Moldova. Entry depends on candidates passing the test of free and fair elections and showing respect for human rights.

Greeks debate Macedonia: Andreas Papandreou, Greece's prime minister, opens a debate in parliament on the dispute with the neighbouring former Yugoslav republic of Macedonia over its choice of name.

Papandreou shifted his position last week, saying Greece would be willing to hold direct talks with Macedonia under UN sponsorship. Greece accuses Macedonia of harbouring territorial claims against the northern Greek province of Macedonia.

Lebanese PM Rafiq al-Hariri is due to start a three-day official visit to London. He will hold talks with John Major, the prime minister, and Douglas Hurd, the foreign secretary.

25 TUESDAY

Clinton's state of the union

US Congress reconvenes after its winter break. In the evening, it will hear President Bill Clinton's second state of the union address. Clinton, troubled by Whitewater investigations, but rising to new highs in opinion polls, will lay out in his televised speech a heavy domestic legislative programme. It will be topped by healthcare reform, but also includes anti-crime initiatives, welfare reform and worker retraining.

Algerian reconciliation: The ruling High Council has called a "national conference of reconciliation" in Algiers to try to end an increasingly bloody conflict which has left more than 3,000 dead. The Council has been running the country since the cancellation in January 1992 of elections that the now-banned Islamic Salvation Front (FIS) was poised to win. Most opposition groups will boycott the conference.

French Communist conference:

The main task at the party's 28th congress (to Jan 29) is to chose a successor to chairman Georges Marchais, 73. The veteran hardliner (left), is to step down after 22 years. Who replaces him will be critical in determining whether the ailing party will become a force in French politics again.

Banesto rescue: The Governor of the Bank of Spain meets the presidents of Spain's big banks to discuss financing a rescue of Banesto, the bank whose board was sacked by the Central Bank on December 28.

Portuguese strike: Portuguese civil servants, doctors and teachers have called a national one-day strike in protest at proposals by prime minister Anibal Cavaco Silva's centre-right government to limit 1994 public administrative sector pay rises to 2 per cent. Transport workers also plan stoppages.

Union ban anniversary: Today is the 10th anniversary of the British government's ban on trade union membership at the Government Communications Headquarters (GCHQ), the surveillance centre at Cheltenham. Unions plan a march and rally there on Saturday.

Scott inquiry: British foreign secretary Douglas Hurd follows his predecessor Geoffrey Howe, and prime minister John Major in giving evidence to the arms-for-Iraq inquiry by Lord Justice Scott.

Burns Night: Scots of all nations will be marking the anniversary of the birth of Scotland's national poet, Robert Burns in 1759, with generous helpings of whisky and haggis.

26 WEDNESDAY

Irish budget Day

Bertie Ahern, finance minister (left), should have much more room for manoeuvre in framing his budget than in previous years. He is favoured by buoyant tax returns in 1993, promising growth prospects for 1994, and additional receipts from privatisations. Mr Ahern is under pressure to reduce income tax and employers' social insurance contributions. Specific job-creation measures are also expected.

Southern African development: Ministers and officials from the 10-member Southern African Development Community (SADC) meet in the Botswanan capital, Gaborone, to discuss funding with donors. On Thursday and Friday they discuss strategy.

SADC, whose members are Angola, Botswana, Lesotho, Malawi, Mozambique, Namibia, Swaziland, Tanzania, Zimbabwe and Zambia, is at a crossroads. It transformed itself 18 months ago from a co-ordinating conference into a development community committed to closer economic integration. Its next task is to formulate concrete strategies, especially on trade and investment.

Delegates will also contemplate the economic implications of majority rule in South Africa after April 27 and the likelihood that South Africa will become its 11th member.

German economy:

Günter Rexrodt, Germany's economics minister (left), will present to the cabinet his annual 1994 report on the state of the economy. The report is expected to forecast growth of 1 to 1.5 per cent in gross domestic product this year, an estimate more optimistic than that of independent analysts.

Holidays: Indian Republic Day (markets, banks and government offices closed) Chief guest at the festivities is Singapore prime minister, Goh Chok Tong. India hopes his visit will bring improved trade and investment relations with the south-east Asian dragon economy.

Australia Day (markets closed).

FT Survey: Mobile Computing. Portables are more than an accessory for power dressers, but they still lack sufficient battery power.

27 THURSDAY

Spanish general strike

Spain's two biggest trade unions hold a one-day national general strike in protest at the Socialist government's plans to reform the labour market to make it easier to hire and fire staff. Transport is likely to be badly hit and stoppages will probably be widespread.

Bank of France meets: The newly independent Bank of France holds a council meeting to set the bank's monetary policy targets for the current year.

Unfortunately, the meeting could not come at a more difficult time. France, according to the Balladur government, is creeping out of recession, but economic indicators for the past few months – and forecasts for the coming year – are very mixed.

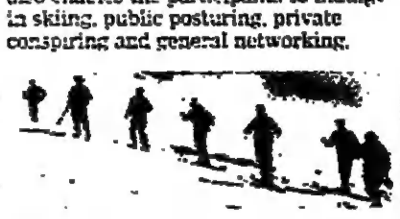
This will make the task of setting targets more than usually complicated.

Lithuanian president Algirdas Brazauskas is to meet European Commission president Jacques Delors in Brussels. Lithuania will also sign up to Nato's "partnership for peace" plan, becoming the first state in the former Soviet bloc to do so. Russian President Boris Yeltsin has warned the west that eastward expansion of the western defence alliance will only encourage a nationalist backlash within Russia.

EIB results: The European Investment Bank publishes its results for 1993 and a review of its current operations. Watch out for clues on how the fast-growing EIB intends to follow up the European Union's agreement to invest more in a trans-European networks in roads, rail and telecommunications.

Davos economic forum: Yassir Arafat, Shimon Peres, Helmut Kohl, Hans Tietmeyer, Viktor Chernomyrdin, Lee Kuan Yew, Benazir Bhutto, P.V. Narisimha Rao, Kenneth Clarke and scores of other top politicians join hundreds of business leaders and academics at the Swiss ski resort of Davos for a weekend of seminars with the modest aim of "redefining the basic assumptions of the world economy" (to Jan 31).

The gathering, known as the annual meeting of the World Economic Forum, also enables the participants to indulge in skiing, public posturing, private conspiring and general networking.



Social Trends, the annual compendium of British social statistics, is published. It will focus on low-income households.

FT survey: FT Exporter. Exporters across the globe now face brighter prospects, following a year of feeble growth in the industrialised world.

Bosnia's winter

28 FRIDAY

Vote on phone-tap scandal

Greece's parliament votes on whether former prime minister Constantine Mitsotakis should be prosecuted by a special court on charges of ordering illegal phone-taps of political rivals.

The debate comes as Mr Mitsotakis faces the possibility of another embarrassing court case. The Culture Ministry has accused him of adding artefacts looted from graves on Crete to his private collection of antiquities.

Zambian budget: Finance minister Ronald Penza presents his 1994 budget against a deepening crisis. Last year's budget promised tight controls on spending, big reductions in the money supply, and 10 per cent inflation by the end of 1993. These targets have been missed, and austerity policies will have to continue. Allegations of cabinet-level corruption have led to resignations and dismissals, while donors are threatening to withhold aid unless Lusaka cleans up its act.

Banco Latino, Venezuela's second largest commercial bank, run by the government after failing on January 14, re-opens to start repaying small account holders up to US$930 each.

29-30 WEEKEND

South African dissenters

On Saturday, the white right wing plans to announce a transitional authority to rival the Transitional Executive Council, the multi-party body managing the country's transition to democracy.

The Zulu-based Inkatha party meets all weekend to decide whether to take part in the all-race elections in April.

Referendums on Sunday: Kyrgyzstan holds a vote on presidential powers. President Askar Akayev's government recently resigned after a corruption scandal. The vote may also test the IMF's credibility in the area, as Kyrgyzstan is the first Central Asian republic to adopt its currency reform proposals.

Guatemalans vote on constitutional reforms. These would bring forward congressional elections, depoliticise supreme court appointments, decentralise government spending, and reduce terms of office.

American Football: Super Bowl XXVIII, the climax of the season, takes place in Atlanta on Sunday.

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Other economic news

Monday: The Confederation of British Industry produces its quarterly economic trends survey, a far-reaching report on manufacturing industry, which should confirm that the improved pace of recovery continued into the first quarter of this year. It should also show that price and cost pressures remain subdued.

Tuesday: November construction and new order figures for the UK are released. Recent figures have shown an improvement in the construction market, and industry will watch today's figures to check that the gains have been sustained.

Friday: US GDP is forecast to have risen an annualised 5.2 per cent in the fourth quarter, while in the UK, non-European Union trade figures are forecast to show another slim narrowing of the deficit. MP Nick Budgen' private member's bill seeking greater autonomy for the Bank of England gets a second reading.

France produces its visible trade balance figures for November. In October, there was an impressive FFr8.7bn surplus, with the recession producing a large fall in imports. Much the same picture is expected for November.

Statistics to be released this week

Day Released	Country	Economic Statistic	Median Forecast	Previous Actual
Mon	UK	CBI quarterly industrial trends		
Jan 24	Canada	November retail sales*	+0.6%	+0.1%
Tues	US	December existing home sales	–	$4.21m
Jan 25	US	January consumer confidence	85%	80.2%
	Japan	November income – workers**	–	-0.7%
	Japan	November coincident index	–	20.0%
	Japan	November leading diffusion index	–	30.0%
	UK	Nov construction and new orders		
Thu	US	December durable orders	+1.5%	+1.9%
Jan 27	US	December durable shipments	–	+2.7%
	US	Initial claims w/e Jan 22	360,000	380,000
	US	State benefits w/e Jan 15	–	2.657m
	US	Monetary statistics for w/e Jan 17		
	Japan	December retail sales**	-4.1%	-6.9%
	Australia	Dec motor vehicle registrations	-1.2%	+7.4%
	Australia	Fourth quarter CPI**	+2.2%	+2.2%
	Canada	December industrial production*	+0.1%	+0.2%
	Canada	Dec raw materials price index*	-1.8%	-2.3%
Friday	US	Fourth quarter GDP advance	+5.2%	+2.9%
Jan 28	US	4th quarter GDP deflator advance	+2.4%	+1.6%
	US	December export price index	–	+0.2%
	US	December import price index	–	-0.7%
	US	December bank credit	–	+6.3%
	US	December C&I loans	–	+1.2%
	US	January Michigan sentiment final	–	95.8%
	Japan	January Tokyo CPI**	+1.3%	+1.3%
	Japan	Jan CPI excluding perishables**	+1.3%	+1.1%
	Japan	December national CPI**	+1.1%	+0.9%
	Japan	December excluding perishables**	+0.8%	+0.9%
	Japan	December unemployment rate	–	2.8%
	Japan	December industrial production	-3.2%	+1.8%
	Japan	December shipments	–	+0.4%
	France	Third quarter GDP	–	+0.3%
	France	November trade balance	FFr6.5bn	FFr8.7bn
	Canada	November employment earnings*	+1.3%	+0.9%
	UK	November non-EU trade balance	-£700m	-£767m
	New Zealand	December trade balance	–	-NZ$70m
During this week...				
	Germany	January cost of living (prelim)**	+3.5%	+3.6%
	Germany	December import prices**	-1.0%	-1.4%
	Germany	December M3 from 4th qtr base	+7.2%	+7.2%
	Italy	November global trade balance	+L1.5tr	+L0.8tr
	Italy	November EU trade balance	+L1.0tr	+L1.3tr
	Italy	Dec foreign exchange reserves	L84.8tr	L83.5tr
	Belgium	January CPI**	+2.7%	+2.7%
	Spain	December PSBR	-Pta850bn	-Pta260.5bn
	Spain	December trade balance	-Pta184.5bn	-Pta200bn
	Sweden	December PPI**	5.0%	+6.5%
	Finland	December trade balance	FM1.9bn	FM2.06bn

*month on month, **year on year

Statistics, courtesy MMS International.

MONDAY PRIZE CROSSWORD

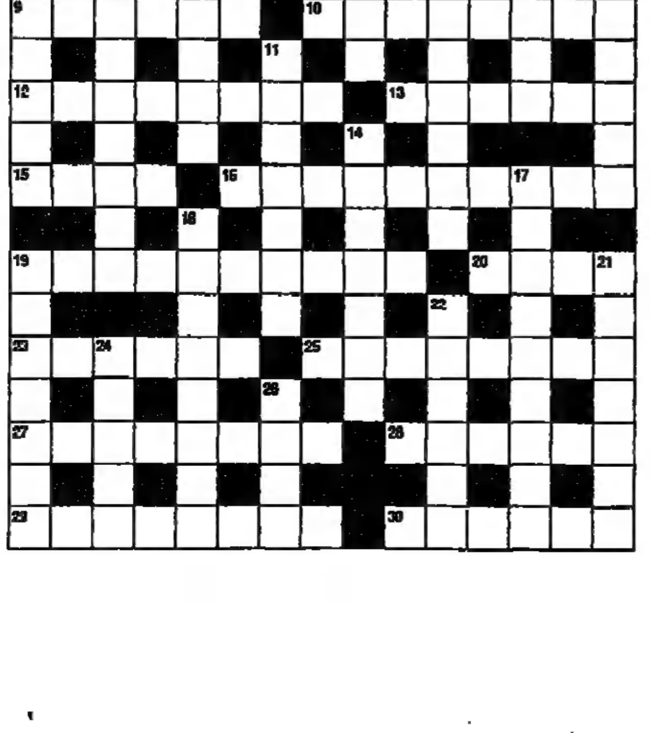
No.8,361 Set by DANTE

ACROSS

1 Strong and healthy – or alternatively bankrupt (6)
4 Ships, and in them, pirates (8)
9 Point a fair way out for an excursion (8)
10 It's therapeutic to see the priest about tea-time (6)
12 A piece from the Financial Times about scrap dealers? (8)
13 End VAT for the time before Christmas! (6)
15 Expression used to attract attention (4)
16 It's sad but courage is needed as a policeman (10)
19 Note AB isn't represented, refusing to vote (10)
20 Gravity-free network (4)
23 A quick reply from the laboratory? (6)
25 A bright little pupil? (6,3)
27 On the wrong side where banks are concerned (2,3,3)
28 Leading Cuban actors in play (6)
29 Not an odd time for a church service (8)
30 Loves one so dear perhaps (6)

DOWN

1 Still in a terrible fluster (7)
2 Wild animals have to rub on trees (9)
3 Ten-foot midget! (6)
5 Flight in an organised tour (4)
6 The daughter's offspring is a great lad (8)
7 This is one form of disturbance (5)
8 She is given two articles set in a case (7)
11 Swell way to increase prices (7)
14 Shy indeed, but lured into a trap (7)
17 Hill-guide, a constant worrier (9)
18 They flight, though they're not boxers (8)
19 Transport essential to divers (3-4)
21 One's mad to mix spirits (7)
22 Potato King (6)
24 Turn it over to the church (5)
26 Forest administrator (4)



A prize of a Pelikan New Classic 390 fountain pen for the first correct solution opened and five runner-up prizes of £35 Pelikan vouchers will be awarded. Solutions by Thursday February 3, marked Monday Crossword 8,361 on the envelope, to the Financial Times, 1 Southwark Bridge, London SE1 9HL. Solution on Monday February 7.

Name..

Address..

....

Winners 8,349

G. Hollis, Hatfield, Herts
P. and R. Dick, London E11
S. Fairhead, Amersham, Bucks
E.R. Minto, London SE3
M. Scott, Blythewood, South Carolina, USA
T.A. Veitch, Kilndown, Kent

Solution 8,349